Crucial test for Argentina's

EUROPE'S BUSINESS NEWSPAPER

Wednesday September 3 1986

D 8523 B

World news

N-power threat to Italian coalition

Italy's nuclear power plans and the new five-party coalition government's fragile unity have been threatened by calls from Socialist Party leaders for a non-nuclear en-

ergy programme.

The move, led by vice secretary
Claudio Martelli, is a direct result of last week's decision by West Germany's Social Democrat Party to phase out nuclear power if the par-ty wins next January's general elec-

On his return from the SPD Congress Mr Martelli caused political uproar by saying that the Italian Socialist Party should take a similar line at its congress next spring.

Talks on terrorism

US presidential envoy Vernon Walters made calls on the Belgian government and Nato's headquarters in Brussels to discuss US concern about Libya and international ter-rorism. Page 2

Reporter 'not framed'

A Soviet official denied that US re-

porter Nicholas Daniloff, arrested in Moscow last weekend for spying, had been framed and said he had been caught red-handed. Page 3

Resignation threat

Israeli Health Minister Mordechai Gur said that he would resign rather than serve in a government led by Yitzhak Shamir, in protest at the Foreign Minister's alleged involvement in the Shin Bet security scan-

Spain recalls envoy

Spain recalled its ambassador in Chile for talks after accusing Chilean agents of spying on its Embas-sy, saying explanations given by the Chilean authorities were unsa-

Soweto funerals

least 21 blacks killed last week in riots in Soweto township near Johan-

Iraq expulsion call

Iran demanded the expulsion of rate index rose to 71.1 from 71.0. Iraq from the Non-Aligned Movement at the group's Harare summit.

Afghanistan plan

Afghanistan is to move up to 300,000 people out of its embattled eastern provinces as part of a longterm strategy to develop the ser tive border area with Pakistan, offi-

Polish amnesty terms The Polish Government said opposition members jailed for serious

political offences could be freed af-ter the mid-September deadline of Poland's clemency act Philippine floods

Floods sweeping the northern Philippines have killed 19 people. President Corazon Aquino, who had to be ferried from the presidential palace in a rubber dinghy, declared a state of calamity.

Uganda detains 25

The Ugandan Government has detained 25 people suspected of conspiring to overthrow President Yoweri Museveni and set up an in-dependent monarchist state for the Baganda tribe, a government news-

Tobacco heir jailed

Tobacco heir Steven Wayne Benson, 33, was sentenced in Florida to two consecutive life terms in prison for the car-bomb murders of his millionaire mother and adopted

Balloon record set

Three Dutch balloonists set a record for an Atlantic crossing with a to June 28. But the group is countime of 50 hours and 14 minutes - ting on new assistance from the almost two hours inside the previstate for part of its revenues in the

Business summary **GM** debt **put** on watch by S&P

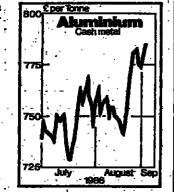
No. 30,022

long-term debts have been placed on a "creditwatch" by Standard & Poors', one of the leading US credit rating agencies. Last week GM, the largest US car maker, amounced a costly programme of subsidised consumer financing. Page 18

WALL STREET: The Dow Jones industrial average closed 27.98 down at 1.870.36. Page 38

LONDON: Equities fell to profit taking after eight days of rises and gilts ended mixed. The FT-SE 100 share index ended down 5.0 at 1,667.8, while the FT Ordinary index lost 2.7 to 1,320.0. Page 38

TOKYO: Bine chips were forced lower by profit-taking. The Nikkei average fell 125.82 to 18,694.93.



ALUMINIUM cash metal price ros to a 2½-month high on the London Metal Exchange due to a strike at Noranda's smelter in Montana. The price was up £11.50 to £785 a tonne.

DOLLAR closed in New York at DM 2.0260, SFr 1.6345, FFr 6.640 and Y154.05. It rose in London to DM 2.0215 (DM 2.0240); FFr 8.8600 (FFr 6.8475); SFr 1.8390 (SFr 1.8330), and to Y154.25 (Y158.80). On Bank of South Africa imposed restrictions. England figures the dollar's index on the funerals on Thursday of at was 110.2. Page 33

STERLING closed in New York at (\$1.4905) but rose to DM 3.0250 (DM 3.0175); FFr 9.9290 (FFr 9.9100); SFr 2.4425 (SFr 2.4350), and to Y229.75 (Y229.25). The pound's exchange

GOLD rose \$1.25 to \$393,00 on the

London bullion market. It also rose in Zurich to \$394.375 from \$391.75. In New York the December Comex settlement was \$411.50. Page 32 RASTERN Air Lines, troubled US

airline whose bid to merge with Te-zas Air was blocked last week by the US Transportation Department has announced a cost-cutting programme designed to produce savings of more than \$160m a year.

CRA. Rio Tinto-Zinc's 52.3 per centowned Australian arm, announced a half-year net loss of A\$125.8m (US\$76.7m) compared with a profit of A\$56.6m due to currency ex-change losses and depressed mar-

SIME DARBY, diversified Malay-sian group, reports 27.5 per cent fall in pre-tax profits to 132.5m ringgit (\$59m) for the year ended June, compared to the year-ago period. Turnover fell 4 per cent to 2.248m ringgit. Page 20

AMCOR, Australian diversified paper and packaging group, reports a 14 per cent profit increase to a record A\$95.3m (US\$58.1m) in the year to June 30. Page 29

MONTEDISON, Italian chemicals energy and pharmaceuticals group announced a sharply higher profit of L227bn (5163m) in the first half of this year compared to L16bn in the year-ago period. Page 22

SASOL, partially privatised South African oil-from-coal producer, increased sales and profits in the year coming year. Page 20

Moscow moves quickly to reveal scale of liner disaster

ALMOST 400 people are dead or by the freighter.
missing, leared drowned, after a So- The announcer

The cruise liner Admiral Nakhimov, carrying 1,234 passengers and crew, collided with a Soviet grain freighter and sank almost immediately, a Soviet spokesman said yesterday.

whom he believed had gone down with the ship, which sank 15 minutes after its hull was ripped open are to be made available immedi-

viet cruise line: sank in the Black alty figures and full information about the accident - the worst in Soviet maritime history since the second world war - less than 48 hours after it occurred late on Sunday night marks a significant

Mr Leonid Nedyak, deputy mernot been reported at an or with marine minister, told a news ited details. In the aftermath of the Chernobyl nuclear accident the Polymer and the chernobyl nuclear accident the polymer acc line with the new policy of "openness" details of such accidents

The announcement of the casuchange in the way disasters are re-ported in the Soviet Union. In the past disasters have either

ately to the foreign and domestic media. Soviet ships assisted by helicopters into our side. It went astern but it Holidays on board cruise ships in the Black Sea, the Baltic and on the

BY PATRICK COCKBURN IN MOSCOW

Mr Nedyak said that the Admiral Nakhimov, a 17,000 dwt cruise liner built in 1925, had just left the Black Sea port of Novorossiysk with 846 passengers and some 346 crew when it was struck by the grain freighter Pyotr Vasev. The freighter hit it between the engine room and the boiler room and "ripped the

The high casualties are explained by the speed with which the Admiral Nakhimov sank, giving no time

to launch the life boats.

was injured aboard the freighter, which is still afloat.

In an interview with the evening the accident. newspaper Izvestia, the helmsman of the cruise liner said his ship had just left port: "We saw the bulk carship was to cross our path - and after a moment the answer came from the Pyotr Vasev: 'Don't worry we shall steer clear of each other. few minutes later we repeated the call since the bulk carrier continued

on its course. Then I saw it cutting

A commission of inquiry under Mr Geidar Aleyev, a Politburo member, had been appointed on

rier far ahead. The duty officer Monday to investigate its cause. started calling it by radio – we took The captains of both ships survived its bearings and realised that the He said that there were no for-

eigners on board the Admiral Na-khimov and that many of the passengers came from the Ukraine. In addition to the dead and missing, 29 people had been injured and were

Mr Nedyak said yesterday that it major river systems have remained was too early to attribute blame for popular in the Soviet Union as passenger cruises have declined in popularity in the West

> "The worst accident in recent Soviet maritime history occurred in 1983 when 100 people were killed when the passenger ship Alexander Suvurov ran into a bridge on the

Earlier this year another cruise ship sank off New Zealand after striking a rock but only one crew

IBM declares war on 'clone' rivals to personal computers

BY LOUISE KEHOE IN SAN FRANCISCO

trated effort to counter growing competition from low cost "clones" of its personal computers produced by Far East competitors with the launch of a new high-powered per-sonal computer for business users.

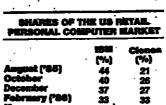
The US group's personal compu-ter sales, which account for about 19 per cent of its revenues, have suffered severely over the past year in the face of an attack spearheaded by Korean, Taiwanese and Japanese computer makers.

IBM's share of the US personal computer market has fallen from an estimated 44 per cent a year ago to around 30 per cent today.

The group has significantly low-ered the prices of most of its personal computer models to m them more competitive with the co-pycat versions which perform the same functions but sell for far less.

IHM is believed to have been par-ticularly concerned about the in-roads clones are making into its prized corporate accounts. Early clones were copies of IBM's basic of manufacturers are offering low cost alternatives to IBM's businessstyle personal computers.

The launch of the new IBM personal computer, XT model 286, represents IBM's answer to wide criticism that it has allowed clone mak-



sonal computer technology significantly over the past two years. The new IBM personal compute

is an updated version of its PC XT, with an expanded memory capacity and the ability to work three times IRM hopes to stem the tide of

clone sales to businesses with the new XT model 286, industry ana-lysts believe. Priced at \$3,995, it is significantly more expensive than comparable clones, but it offers the possibility of performance enhancement not available from most IRM

placement market for personal computer users who are upgrading to higher performance machines, analysts suggest. The announcement of the XT

model 286 is seen as the precursor to IBM's expected introduction of a aged sales of mainframe compuers to thrive by not upgrading its new cheaper personal computer

which has been unofficially dubbed the "clone basher." This is expected to be a \$700-\$1,200 basic personal chine that will be produced at a new, highly automated production plant in Austin, Texas. With the clone basher, IBM is said to be aiming to undermine sales of low-cost clones to schools, individuals and

By upgrading the performance of the PC XT, IBM has made room at set to undercut almost all the comthe bottom of its product range for a basic personal computer with performance characteristics higher than those of its current PC.

In addition, the group is said to be planning a new higher perfor-mance personal computer, based on the new Intel 386 microprocessor. Already, IBM faces the threat of severe competition at the top end of the personal computer market, with compag, the leading US maker of IBM compatible machines, expected to launch a 386-based machine

Theat week, several months before sales of 300,000 before the end of the personal computers are launched in the US next January.

Mr Sugar said his target was for sales of 300,000 before the end of the sales of 300,000 before the end of 300,000 before the en

fallen steadily over the past few largest personal computer compamonths from a high of \$161% in nies in the world. April to trade at around \$137% yesterday. Compounding the compa- its sales will be outside the UK, ny's problems in the personal com- mainly in Europe initially. Mr Suputer market is a broad decline in gar said that with the launch Am-US capital spending that has dam-

Amstrad unveils **battle** plans

By David Thomas in London

AMSTRAD, the UK consumer electronics group, yesterday announced details of eight low-priced computer models which will form the platform for its long-awaited attack on the IBM-compatible business personal computer market. The company, which claims to

hold 35 per cent of the European market for home computers, is aiming for "a healthy slice" of the \$34br world personal computer market with its new range said Mr Alan Su-gar, Amstrad chairman.

pany's competitors in Europe range from £399 to £949 (\$1,414), ex-chiding value added tax. The most expensive machine of-fers a colour monitor and 20 mega-

bytes of hard disc capacity. Monthly output of the machine made in the Far East, is to be 70,000

The KT model 286 is also regarded as a cheaper alternative to have its worst earnings decline in the history of the company this would make Amstrad one of the largest personal computer company. Amstrad expects more than half

Continued on Page 18 News analysis, Page 7

US and UK set to sign market regulation pact

BY CLIVE WOLMAN IN LONDON

of abuse of their securities and fu-tures markets by international op-the Bank of England.

tiators have been meeting almost parison, the international bank continuously in London and Washington to work out the details of the

information between the regulatory ment is also likely to speed up nego-tiations over other bilateral agree-ments on the international regulation of securities markets.

In particular, hopes are rising for an agreement between the UK and years. The first such bilateral formation which might be req pan, was signed in May.

gotiations between the UK and US fused to disclose such information are the Commodity Futures Tradby threatening to withdraw its au-

THE UK and US are expected to futures markets in the US, and sign in the next two weeks an from the UK, the London Stock Exagreement designed to crack down change, the Securities and Investon insider dealing and other forms ments Board, the embryonic City of

Negotiators from the UK's De- England's head of financial supervipartment of Trade and Industry sion, referred to the US/UK agree-and the Securities and Exchange ment in a speech on Monday. He Commission (SEC) in the US said such bilateral agreements reached agreement on the princi-ples of co-operation between regula-tors in the two countries two gulatory system with a consistent months ago. Since then, the nego-philosophy and said that, in con-tiators have been meeting almost parison, the international banking

Earlier negotiations between the US and UK were marred by the ob-It will facilitate the exchange of jections of the UK authorities to the tough line being taken by their US authorities in the two countries on counterparts. In particular, the illicit trading in their financial markets. A more formal set of treaties rights to subpoena foreign wities expected to follow. The agreeconducting investigations into in-sider dealing and other abuses in US markets. They also demanded the right to lift foreign bank secrecy

The US authorities are believed Japan. Negotiations between the to have been placated by proposals two countries have been continuing by the UK officials that they could at a leisurely pace with a meeting use other weapons to force financial every six months in the last two institutions to disclose sensitive inagreement, between the US and Ja- by US investigators. For example, if Other organisations which have Bill becomes law, the STB could isobeen intimately involved in the ne- late a financial institution which reing Commission (CFTC), which re-thorisation from any UK investgulates the commodities and most ment business dealing with it

Montedison sets deadline for

mouse negotiations between Montedison and Mr Refaat El-Sayhalf of his controlling equity stake account with a Stockholm bank.

MONTEDISON, the Halian chemicals group locked in a complex bid ments by two of the Swedish institutes over Fermenta, the Swedish intions that they would be willing to biotechnology concern, warned yes sell their shareholdings in Fermenta, but he warned: "We will not go reached by November 30 which will give it eventual control.

Mr Mario Schimherni, chairman al arrangement, designed to take of Montedison, told a extraordinary pressure off Mr El-Sayed, who is sharebolders meeting in Milan that facing calls for the repayment of ing up our control gradually. "We have also agreed that Mr El-sout go ahead, Montedison has "alby this December.

The calc of shares to Swedish institutions in or

The sale of shares to Swedish institutions is believed to be worth at

was prepared to pay a maximum of \$340m for its ultimate goal of 6m ed, the Egyptian-born Fermenta Fermenta A-shares, which each car-chief executive and majority share-ry one vote, and 11.35m B-shares, which carry only one tenth of a vote On Monday Mr El-Sayed an- each. He said the \$340m had al-nounced that he had sold around ready been deposited in an escrow

in Fermenta to several Swedish in- Mr Schimberni said Montedison's stitutions, while repeating that he goal was to secure 76.5 per cent of was continuing negotiations for voting control in Fermenta and Montedison to take majority con- 44.16 per cent of the company's eq-trol on a gradual basis. uity. This corresponds to Mr El-Mr Schimberni appeared non-Sayed's own share stake, half of plussed by the arrival of the Swed- which is now in the hands of Swedish consortium. "We believe the ish institutions. There are arrangetium is both useful and compatible Montadison will eventually be able

on negotiating ad mortum. He continued: "We have already shown great patience and flexibili-

"In view of these concessions, we now have to set a firm deadline and

"It is a question of only 51 per cent control, not all of my shares". Mr El-Sayed said he had pro-posed that this stake should be acquired gradually over the next

five years. Montedison results, Page 22

deal on control of Fermenta

BY ALAN FRIEDMAN IN MILAN

ternative acquisitions on standby.

Mr Schimberni's statement is the toughest public pronouncement to emerge after two months of cat and

presence of the Swedish consorwith our own plans for Fermenta," to achieve majority control

terday that it will abandon negotia- ta to Montedison at a later date. tions unless an agreement can be The entry of the Swedish consorreached by November 30 which will frum is seen by both Montedison

Mr Schimberni said Montedison

ments, however, to guarantee that

A senior Montedison executive

shares to Swedish institutions in order to help him with his debt prob-

that is November 30. At a certain point one must say 'enough'."

Kevin Done adds from Stockholm: Mr El-Sayed reacted strongly last night to the latest Montedison

He said there was no longer any question of Montedison acquiring 78 per cent of Fermenta. We have no agreement on that anymore since the trade unions said no. Now we are discussing new proposals.

The Peterborough Effect

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Voest-Alpine to

by about 10,000

cut workforce

French current account in surplus

The French current account registered a FFr 9.8bm (£989m) surplus in the first six months of the year on an adjusted basis as compared with a first half deficit of FFr 4.8bn in 1985, David Housego reports from Paris.

The turnabout makes credible government forecasts of a FFr 30-40bn surplus this year. France achieved only a smali FFr 3.1bn surplus in 1985 on current account after being deficit since 1980.

The sharp improvement reflects largely the fall in pil prices. By contrast. France's trade in industrial goods has been

ers eligible for release.

left open the possibility for the Supreme Court to order the release of

tember 15 in special circumstances.

FINANCIAL NEWS COVERAGE INCREASED

Competition sharpens French press

returning from their summer holidays are finding substantial changes in layout and content of the leading national dailies which reflect the upheaval taking place within the press and broadcasting media in

Liberation, one of the most successful Paris newspapers of recent years, appeared yester-day both larger in size and with a crisper presentation and treatment of news. Next Monday it is to launch a Lyon edition at bridging the gap between the Paris-based national press and the provinces, and which it hopes to follow up with regional editions in France's other leading cities.

newspaper readers Mr Robert Hersant's conserva-from their summer tive press and which has also re finding substantial been boosting circulation, beat a layout and content it to the post by launching a Lyon edition yesterday. Readers in Lyon found tumbling from their morning Figaro a 40-page supplement of Lyon news, and inside that an eight-page inset of financial news printed on pink paper.

In practice, the Lyon supplement—though not the "pink" pages'—is extracted from the Journal Rhone-Alpes, another regional publication of the Hersant group whose recent acquisitions have given it a virtual monopoly of Lyon printed papers.

Le Matin. France's only Socialist daily whose circulaitself a facelift that makes it increasing sales after its look more like Le Figaro. Less ideological, more consciously also promising a new business informative, it has also enlarged its economic coverage reflecting. All these changes reflect a lattle for readership that over. a growing French interest in the Bourse,

L'Express, the leading weekly news magazine owned by Sir James Goldsmith, the trans-atlantic financier, has transformed itself into a more com-bative journal of the free-market right in a move that precipitated several resigna-tions among the senior staff. In France there is a broad

All these changes reflect a battle for readership that over-laps with competition for influence in local radio broadcasting and above all for control of the state-owned television network that are to be privatised. Both Mr Hersant and Sir James are candidates for a stake in TF 1 the first channel to be privatised, and both Le Monde and Liberation bave been involved in local broadcasting.

span of views among newspapers." Sir James was quoted
as saying recently "for there
to be no need for such a span
within L'Express."

Le Monde, which has been
The changes also have in
common an emphasis on economic aud financial journalism
that has mushroomed in France
over the last two years. Le

In the case of both L'Express and Le Figaro, the changes are bound up with political crusading in advance of the next presidential elections. But significantly Le Monde and Liberation no longer believe that readers want to be pre-sented with issues in ideological terms. In an editorial yesterday. Mr Serge July, the editor of Liberation said that "as we move towards a greater consensus (in French society), the difference (between newspapers) will depend more and more on the quality of their featual information.

power, compared with 58 per cent

in August and only 49 per cent in

Asked their voting intentions, 45

per cent said they would back Dr Kohi's Christian Democrats and six

per cent his coalition allies, the lib-

Forty-one per cent said they would vote for the SPD and seven

had been taken before a key SPD

engineering group, is to cut its workforce by about 10,000 in the next four years, as part of a major restructuring programme designed to bring the company back into profit. The cut, among the most sweening come to be anonumed. sweeping ever to be announced by an Austrian employer, will be achieved through natural wastage — about one-third — and through a combination of measures including direct layoffs, early retirement and early redundancies.

Mr. Herbert Lewinsky.
Voest's managing board chairman and chief executive, said at Voest's headquarters in Linz yesterday that there was "no alternative" for the company.

The cuts will affect over one.

Mr Herbert Lewinsky . . . company has "no alternative" People's Party, said it was a "national tragedy" and the expression of the "complete cellapse of socialist policies for the state industries."

A tough restructuring programme has been expected following the group's record losses in 1985 of Sch 11.75bn (£552m).

The cuts will affect over onequarter of the 38,900 work-force of Voest-Alpine AG, the

group's parent company.

The cuts are part of a drastic

restructuring programme, which, it is hoped, will bring

VOEST-ALPINE.

troubled state-owned steel and

The initial reaction from the trade unions and Voest's powerful works council has been unusually muted so far, reflecting in part shock and the change in political climate, with growing public impatience over government subsidies for the loss-making nationalised industries.

more drastic cuts have to be made, said yesterday that he was "shocked and dismayed." He was seeking further information

EEC project



He did not exclude, however, People's Party support for another package of government the company to break-even point in 1989, and profit in subsidies.

Between 1981 and 1985, com-panies grouped within OIAG, the holding company for the nationalised industries, received Sch 30.3bn (£1.4bn) in govern ment subsidies, with Voest slone taking Sch 15.3bn of the total. In that period, Voest made cumulative losses of Sch 20.7bn. Projections until 1988 and in-cluding 1986 made by the company forecast cumulative losses of Sch 10.7bn.

industries.

Mr Josef Krainer, conservative Governor of the province for the period until 1990 to of Styria, where some of the cover the expected losses and pay for restructuring modernisation.

from the government.
Mr Michael Graff, general secretary of the conservative

called Prune

racing off Swiss sports pages. Competitions, which go on at various levels each summer, are organised in bouts of anything from six to 15 minutes. Each pair wrestles until one succeeds

Irish Cabinet ponders ways to survive

THE IRISH Republic's coatition government starts a two-day cabinet session in Dublin today at which a strategy for survival will be sought. Agencies report from Dublin.

general election, have to come up with a formula to fend off threats from both inside and outside the two-party govern-

an emergency Cabinet meeting an emergency Cabinet meeting to authorise aid for Ireland's weatherravaged agriculture industry.

At another meeting in Dublin, Mr Charles Haughey, the opposite

At another meeting in Dublin,
Mr Charles Haughey, the opposition leader, and his Fianna
Fail party front bench
colleagues will be devising an
election battle plan.
Mr Haughey is likely to table

soon as the Dail, the Dublin parliament, ends its summer break on October 22.

He will also demand the fixing of a date for a by-election that Fianna Fail is sure to win and beave the Communication.

leave the Government technically in a minority in par-

The company's plans have to be approved by OIAG later this month. Financing is expected to be approved by the Austrian parliament in October.

launched in Crete By Andriana terodisconou in

THE first EEC Integrated Mediterranean Programme (IMP) was officially launched on the island of Crete yesterday in a formal signing cere-mony attended by Greek and European Community officials. The signatures clared the way for the allocation of Drs 61bn

(£39m), of which about half is to be paid by Brussels and the rest of Athens, to finance a series of infrastructure and development projects. An Ecu 6.6bu (£4.62bu) IMP spending package for the Mediterranean regions of the EEC, benefitting Greece, France and Italy, was approved by Community leaders in April 1985, thus leading to the lifting of a Greek veto on the lifting of a Greek veto on the accession of Spain and Portugal. Greece, which stands to receive about Ecu 2bn in IMP grant aid over the next six years insisted on approval of the Mediterranean aid packags as compensation for the com-

petition resulting from EEC enlargement.

Crete was selected by the Athens Government as the

Poles enjoy record grain harvest

By Christopher Bobinski in Warran

POLAND HAS had a record grain harvest this year, easing the strain on the country's balance of payments and raising hopes of an improvement in meat supplies.

Stanislaw Zieba, the Agriculture Minister, has told Trybuna Ludu, the party newspaper, that this year's harvest had reached three tonnes per hectare, which amounts to an overall 24.5m tonnes.

As a result, Mr Zieha said, Poland would be importing 800,000 tonnes less feed grains this year than planned but hinted at his opposition to government cuts in hard currency allocations for purchases of fertilisers, high protein feeds and machinery for the food-processing industry.
This year's harvest compares with an average grain crop of 22.2m tonnes between 1981 and 1985

Czech clamp down

CZECHOSLOVAK police yesterday searched the homes of officials of the banned cultural first Greek region to benefit from IMP financing as a relatively undeveloped area with a per capita income 35 per cent below the EEC average.

| Officials of the banned cultural group known as the Jazz Section and at least one is believed to have been detained, emigre sources in Vienna said, Renter reports from Vienna.

Walters makes discreet calls on European allies

BY QUENTIN PEEL IN BRUSSELS GEN VERNON WALTERS, US reduction ambassador to the United Nations and former international emissary and trouble-shooter, maintained his reputation for cloak-and-dagger diplomacy yesterday with discreet calls on the Belgian government and Nato head-quarters.

No details of his talks emerged, except the confirma-

North Cyprus Government

The previous Government, formed in July 1985, was a coalition of Mr Eroglu's centreright party and the moderate leftish Socialist Liberation

diplomatici personnel agreed earlier this

At Nato he had a 45-minute talk with Mr Marcello Guidi, the acting secretary-general, but no special Nato council meeting was requested and member states of the alliance will be informed simply in the normal course of events.

No details of his talks emerged, except the confirmation that US concern about Libya and international terrorism was the sole subject on the agenda.

A Belgian Foreign Ministry spokesman said Gen Walters "to consult with allies of the Elysee Palacr he had come to specific requests for further European actions against Libya, in addition to the semantic states and on other questions."

MR DERVIS EROGLU, the

former Premier of the break-away Turkish Republic of Northern Cyprus, yesterday formed a government to replace a two-party coalition which collapsed, AP writes
The new cabinet is composed of Mr Eroglu's National Union

Party, which holds 25 seats in the 50-member legislature, and the centre-right New Birth

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showing a shrinking surplus. Le Figaro, the flagship of tion has been sliding has given Poland frees political prisoners terday that more than 100 political prisoners had been freed so far unwere 189 political prisoners before the sixth anniversary of the signing the amnesty took effect on July 23. Opposition sources have put the striking workers and the Govern-pre-amnesty figure for political ment that led to the birth of the der an amnesty that took effect in prisoners at 350, claiming that the Mr Jerzy Urban, Government Government categorised some po-litical detainees as common crimisnokesman, said at a press conference the amnesty could be ex-tended beyond September 15 when local courts and prosecutors were to

Mr Urban said 174 people en-gaged in illegal political activities had surrendered to police so far to conclude reviewing cases of prison-Mr Urban said the amnesty law

take advantage of the amnes Under the amnesty, Solidarity underground activists who report to some political prisoners after Sep-police by December 31 and pledge to abandon their illegal activities As of last Sunday, 103 political pris- will have all charges against them oners had been freed from jails, Mr dropped.

Mr Urban noted that "calm pre-

Innovation

An orbiting X-Ray Telescope

to penetrate the secrets of the universe.

now-outlawed Solidarity free trade

He said two people were arreste in Wroclaw for assaulting policemen and nine people were detained in Krakow, where police dispersed a street demonstration

Mr Lech Walesa, Solidarity's chairman, and other opposition leaders seemed eager to avoid street clashes on Sunday because of expectations that Communist authorities were preparing to release more political prisoners in the coming week under the amnesty.

Kohl under fire over N-power WEST GERMANY'S opposition So- laws on scrapping nuclear power per cent or those questioned because and introducing sanctions against leved Dr Kohl would be returned to compared with 58 per cent cial Democrats said yesterday they would take the offensive against the Bonn Government over nuclear power and South Africa in an at-

before national elections in January, Reuter reports from Bonn. ion poll showed growing doubts that the opposition had any chance of ousting Chancellor Helmut Kohl

Mr Hans-Jochen Vogel, the Social pave the way for an SPD majority Democrat (SPD) parliamentary in the January 25 election. But a monthly public opinion surparty would use the forthcoming parliamentary period to propose Television (ZDF) station showed 62

South Africa.

He said the aim would be to show that the SPD had more constructive tempt to strengthen their support policies on energy and to demon-before national elections in Janua-strate that Dr Kohl's reluctance to y, Reuter reports from Bonn. take measures against Pretoria But the latest authoritative opin-made him "the last ally in the world" of the white minority Gov-

ernment there. of ousting Chancellor Helmut Kohl
from power, with almost two-thirds
predicting he would be returned to ment on the defensive on both isfor the radical Greens party.

The figures were identical with those registered at the end of July and the pollsters said the survey sues and predicted its tactics would

election congress in Nuremberg last week which may have influenced party support. **Swiss** wrestle for a cow

eral Free Democrats.

MR ERNEST SCHLAEPFER strode into the soggy sawdust ring, put his arms gently round ring, put his arms gently round his hefty opponent and grabbed the back of his shorts. Reuter reports from Sien, Switzerland. Six minutes later it was all over. Mr Schlaepfer, 31, was on his back, humiliated, his six year reign as Switzerland's Schwingerkoenig over.

The victor, Mr Heinrich Knuesel, 25, was holsted on the shoulders of his rapturous supporters before going off to

porters before going off to collect his prize—a five-year-old cow called Prune, donated by a local company.

Schwingen, a cousin of Japanese Sumo wrestling, has just celebrated its greatest event — the three yearly Swiss Federal Wrestling and Alpine

Herdsmen's Festival For two days thousands of people from all over the country descended on the western town of Sion for a feast of wrestling, petitive boulder throwing and Horaussen—a cross between golf and baseball. With total takings at the

festival reaching SFr 2m (£815,000) it is a major event, pushing more mundane sports like soccer and motorcycle

pair wrestles until one succeeds in touching his opponent's shoulders down on the ground. If neither succeeds, then the winner is decided on points.

The wrestlers, clad in special leather shorts worn over their clothes are divided into two categories — "athletes" and "herdsmen." They follow a mass of rules and traditions evolved over the centuries. Competitors show an exaggerated politeness dusting the sawdust from each other's backs after each bout. Advertising, cash prizes, drug-taking and long hair are out.

Ministers, generally dismissive of speculation about an early

Talks about the difficulties facing Dr Garret Fitzgerald the Prime Minister, and his three-and-a-balf-year-old administra-

a motion of no confidence in the Fitzgerald Government as



For more than 20 years, scientists have been investigating x-ray emissions from mysterious sources in space.

To better study these phenomena, NASA has proposed a powerful, new orbiting X-Ray Telescope. Uninhibited by atmospheric particles, it will permit researchers to gather data from the farthest reaches of the universe.

Lockheed will define

the configuration of the observatory and investigate system requirements, including physical and operational designs, for this innovative

x-ray imaging instrument.

Lockheed is completing work on a similar program, the Space Telescope, which will be the largest deployable spacecraft ever placed in orbit. Lockheed engineering teams also developed the new technologies for the suc-

cessfully tested Solar Array, which could supply sufficient energy for extended Earthorbit scientific or military missions, and for ventures such as the proposed manned Space Station.

The expertise provided by programs such as these, along with Lockheed's established position in space technology, makes it a logical leader in long-term space projects of the next century.

W. German interest rate cut opposed

A CÚT in West German interest rates such as the one being de-manded by the US Administra-tion is unlikely to lead to any noticeable increase in economic growth here, Dr Hans Fahning, chairman of the German Association of Public Banks, said in Bonn yesterday.

Dr Fahning, who is also chief executive of the Hamburg Landesbank, warned that "the effects of a further interest rate fall on economic activity should not be over estimated."

Washington has been press-ing Bonn for virtually the entire summer to cut interest rates in order to boost its domestic economy which, it is hoped, would then suck in more imincluding American

But Dr Fahning, who also warned that the Government's hopes of achieving 3 per cent growth this year are probably too optimistie — he predicted 2.5 per cent — said that as far as German industry was con-cerned interest rates were no onger as important a cost factor as they were four years ago. As such, interest rate considera-tions were unlikely to have an important effect on investment

The Bundesbank is under particular pressure to cut its discount rate, which currently stands at 3.5 per cent. Dr Fahning said interest rates on the capital market were now moving between this and the Bundesbank's Lombard rate of

secretary-general of the party led into the general election in since 1979.

Although he conceded that the growth in the US economy had made a "decisive" contribution to West Germany's export-led recovery between 1983 and last year he insisted that the size of the US economy made it impossible for Germany to return the favour.

Secretary-general of the party led into the general election in since 1979.

June. The Christain-Democrat PDP, with 21 of the 105 seats which the coalition won in the 350-member congress, pulled lawyer, Mr Alberto Ruiz-Gallar-partner, the so-called Liberal don, son of a prominent old-guard figure in the party. The have already indicated they new secretary-general of the party led into the general election in since 1979.

Mr Jorge Verstrynge, who which the coalition won in the 250-member congress, pulled lawyer, Mr Alberto Ruiz-Gallar-partner, the so-called Liberal don, son of a prominent old-guard figure in the party which the coalition won in the 250-member congress, pulled was replaced by a 27-year-old out in July. As for the third lawyer, Mr Alberto Ruiz-Gallar-partner, the so-called Liberal partner, the so-called Liberal was replaced by a 27-year-old out in July. As for the third lawyer, Mr Alberto Ruiz-Gallar-partner, the so-called Liberal was replaced by a 27-year-old out in July. As for the third lawyer, Mr Alberto Ruiz-Gallar-partner, the so-called Liberal was replaced by a 27-year-old out in July. As for the third lawyer, Mr Alberto Ruiz-Gallar-partner, the so-called Liberal was replaced by a 27-year-old out in July. As for the third lawyer, Mr Alberto Ruiz-Gallar-partner, the so-called Liberal was replaced by a 27-year-old out in July. As for the third lawyer, Mr Alberto Ruiz-Gallar-partner, the so-called Liberal was replaced by a 27-year-old out in July. As for the third lawyer, Mr Alberto Ruiz-Gallar-partner, the so-called Liberal was replaced by a 27-year-old out in July. As for the third lawyer, Mr Alberto Ruiz-Gallar-partner, the so-called Liberal was replaced by a 27-year 5.5 per cent.
Although he conceded that the growth in the US economy

Cities vie to host Europe's trade mark headquarters

APART FROM the regular David Rudnick on keen competition to house a Community institution to favourites.

A decision on which site will be a decision on which site will

ence in trade mark registration. The Joint European Torus headquarters.

international competitions in the competition of the prize of housing an important new European Community institution.

The country except in trade mark regards a slight sends in trade mark regards a slight sends for the prize of housing an important new European Community institution.

The country except is a supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends in trade mark regards a slight sends for supply the sends for supply the sends for supply the supply supply the sends for supply the supply supply the supply supp and Industry. "London is all but tailor-made to supply the honour—and profit—of accommodating the proposed European Community Trade Mark Office (Ectmo), but the field is sort of service which people using the Community Trade Marks systems will be entitled to expect," it says. led by London, Munich, the Hague and Strasbourg.

Agents, it says, are not diffi-cult to find, there are over 1,000 qualified trade mark prac-titioners and more than 50 barristers specialising in trade to deal specifically with claims arising from intellectual pro-

property rights.
Finally, the London trade mark sector uses the most modern computer aids, with innovations like interactive systems for training trade mark examinars. examiners. Claims like these are also

mark law, as well as a court midable challenge, since it also

But London may have a slight scheme (to produce electricity commercially from nuclear fusion) is based at Culham in Oxfordshire, but only tem-

Munich, Strasbourg and The Hague are situated in countries which already host one or more permanent Community institu-West Germany has the European Centre for the

Development Training (CEDEFOP) in Berlin, as well as the European Patent Office in Munich. The Bavarian capital nevertheless poses a forhouses the West German national patent office and court, and with them an impressive array of legal and technical documentation facilities.

The city fathers are offering to provide an area free of charge to accommodate ECTMO, in a location conveniently near to the European Patent Office. And as a further sweetener, the

The Germans also point to the strong research back-up available at the Max Planck Institute for Foreign and International Patent, Copyright and Competition Law Rather like Munich, though in

much less concentrated form. The Hauge houses complementary institutions in the Benelux Trade Mark Office and a sub-sidiary branch of the European Patent Office.
However, in the allocation of

permanently-based Community institutions the Netherlands cannot, like Britain. claim to have been left out: the nuclear research establishment at Pet-ten, near Alkmaar, is one of the Community's four Euratom complexes.
Strasbourg, with the Euro-

pean Parliament (not to men-tion the Council of Europe) already in situ, has on these criteria the least claim to house another European institution. trally located of the four main candidates, Strasbourg's air links and communications are made within a fortnight. relatively poor.

The British Government is lobbying hard to have Ectmo sited in London. Besides the obvious financial spin-off-conservative estimates suggest it would be worth £40m a yearit would confer a linguistic advantage on UK business, since English would then be the official language of the Communitytimes leading to lengthy court wide registry. American, Jap-anese, and many other overseas traders would doubtless also find it much easier to communi-

Unlike its rivals, London has yet to decide on a site for

cate in English.

Mr Geoffrey Pattie, Minister of State for Industry and Information Technology, has detailed don area which could fit the bill. They are St Katharine-bymade for the other three main And as a further sweetener, the candidate cities, but London West German government is prehas a political card to play: pared to provide DM 70m the UK has yet to provide a (£20.6m) as a long-term loan pertise in trade mark or patent adjacent to Traislagar Square in trade mark or patent adjacent to Traislagar Square in trade mark or patent adjacent to Traislagar Square in trade mark or patent the West end: offer these facilities and each home for any permanent Euro- towards the construction and registration. And though the West end: Harrow, north-can claim considerable experi- pean Community institution, equipment of the trade mark geographically the most cen- west of London, and Croydon to

be nominated for submission to the EEC Commission has to be Wherever the Ectmo is sited,

the need for it is indisputable. At present, companies can obtain protection for trade marks only by registering in individual EEC member states. Wide differences in legal provisions make this process only costly and inconvenient but have caused acrimonious inter-company disputes, some-

These cases involving among others the packaging of pharmaothers the packaging of pharma-ceutical drugs and the brand labels on confectionery pro-ducts, have helped to move Brussels to implement its long-mooted plan to establish a pro-cedure for uniform protection. Even so, it will probably be well into 1967 before the Council of Ministers approves a location

for Ectmo. Officials stress that the Community's trade mark law is designed to take its position alongside national trade mark

US reporter 'caught red-handed' in Moscow

THE OFFICIAL Soviet spokesman said yesterday that Mr Nicholas Daniloff, the US reporter arrested for espionage on Saturday, was "caught red handed."

Mr Gennady Gerasimov, the Foreign Ministry spokesman, denied that Mr Daniloff had been framed and said that his detention was in no way connected with the arrest for espionage in New York of Mr Gennody Zakharov, a Soviet physicist working for the UN. Mr Daniloff's wife Ruth said she believed her husband had been arrested in retaliation for Mr

Mr Danilofi will now be held for 10 days while an officer of the Soviet KGB security police investigates the case. The decision to charge or release Mr Daniloff will then be taken by the Soviet courts according to

The Soviet authorities do not appear to have decided how to handle the Daniloff case. Although the Foreign Ministry said yesterday that the investi-gation was still being carried out, the KGB issued a statement immediately after Mr Daniloff's arrest saying that he had been caught with incriminating documents which showed that he was spying.

Mr Daniloff says that a friend from the Central Asian Republic of Kirgizia had given him an envelope purportedly containing newspaper clippings, items useful to Moscow corres-pondents because of difficulty in obtaining the provincial press. Shortly after he had taken the envelope he was arrested and the envelope turned out to contain two maps marked top secret and photographs of military

Spanish opposition leader fires his 'dauphin'

BY DAVID WHITE IN MADRID

Ectmo will save companies throughout the Community the trouble and expense of working with 12 different national

systems for registering trade marks, and enable the registra-

tion of a single mark to cover all member states. The EEC Commission has

stipulated that the winning city must be able to provide a complex covering 6,681 square

complex covering 6,681 square metres providing offices, a library, a restaurant and conference rooms, and be near to good educational, housing, transport and communications facilities.

All four leading contenders

All four leading contenders offer these facilities and each

FEUDING IN Spain's main to a group of "young wolves" local elections next year. right-wing opposition party, which has closed ranks behind Mr Verstrynge appea right-wing opposition party, which has closed ranks behind Popular Alliance, came to a Mr Fraga. head yesterday when its leader Mr Manuel Fraga, just back Popular Alliance follows a split from holiday, sacked the man who was once considered his dauphin and who had been secretary-general of the party since 1878.

Mr Jarge Warstrynge who PDP with 21 of the 105 seets

The blood-letting within by leading a campaign for Mr Popular Alliance follows a split between Mr Fraga and his main partners in the three-party centre-right coalition which he led into the general election in June. The Christain-Democrat PDP, with 21 of the 105 seats Minister established for himself in Paris But this was without

Mr Verstrynge appears to have put his head on the block by leading a campaign for Mr

in Paris. But this was without consulting Mr Fraga, who has expressed strong reservations. Two other conservative figures are known to have

Liberal leader, and Mr Miguel runs the regional government Herrero de Minon, a vice with only 32 of the 75 seats in Herrero de Minon, a vice-president of Popular Alliance unconditional supporter of and uncond Mr Fraga.

The squabbling in Mr Fraga's camp coincides with rifts in two regional centre-right groups in the wake of election dis-

appointments. The power of the Basque vative and progressive forces Nationalist Party (PNV) in the Basque country risks being undermined if splinter forces Madrid. In the regional go ahead with the formation figures are known to have of a radical breakaway party, ambitions for the Madrid job— The PNV, which has a history Mr Jose Antonio Segurado, the of internal crises, currently

the Basque parliament, relying on co-operation from the Socialists. In June, it lost two

taken place between conser-Madrid. In the regional assembly, six of its members have gone one way and five the



Mr Fraga: strong reservations about running for Madrid

Chirac Government to nominate chiefs of second-tier banks

BY PAUL BETTS IN PARIS

i eam

1 harve

CE LEGE

THE FRENCH conservative today with the other half begovernment will go ahead at a ing reconfirmed in their jobs. Cabinet meeting today with a second round of appointments the first round of nominations to the leading state groups. The leading state groups are leaded by Mr. Chy Charder. to state banking institutions to the leading state groups replaced by Mr Guy Chartler.

which are to be privatised under when 12 new chairmen were
the right's ambitious denation appointed and 12 others kept the group. Mr Jean Dromer. alisation programme.

end of July. The latest round question. will involve 29 smaller banks. But the

Moreover, the Government

- At CIC, the new chairman of

the group, Mr Jean Dromer, head of the French banking alisation programme.

A first batch of appointments to the country's 24 main state banks, insurance companies and industrial groups was made by Mr Jacques Chirac's Government at the Chirac's Government at the country in the state banks, insurance companies and industrial groups was made by Mr Jacques candidates whose technical competence is not in country in the state of the French candidate association, is also expected to take over the Chirachaether by the Sangue de l'Union Europeanne.

A first batch of appointment as them can be a statement of the French candidate association, is also expected to the sangue de l'Union Europeanne.

A first batch of appointment as them can be a sociation, is also expected to the sangue de l'Union Europeanne.

A first batch of appointment at the chairment by the Banque de l'Union Europeanne.

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A first batch of appointment at the chairment by the Banque de l'Union Europeanne.

A first batch of appointment at was made by Mr. Jacques characters in the chairs of larger nationalised banking groups to be privatised.

After the appointment of the chairmen to the largest state groups at the end of July. Mr. Chairmen to oclosely identified the chairmen of the big banks to propose candidates for their subsidiaries before the end of July. Mr. Chairmen to closely identified the chairman of the big banks to propose candidates for their subsidiaries before the end of July. Mr. Chairmen to closely identified with the first none the farst round, it none the less contains important parallels with the first batch.

The government has again attempted to show that it was adopting a pragmatic approach to the nominations and was not indulging in an all-out purge of state chairmen as the former Socialist government had done four years ago.

Of the 29 chairmen to the sands in the properties of the smaller state banks, about half

four years ago.

Of the 29 chairmen to the smaller state banks, about half are expected to be replaced take over the chairmanship of companies.

de France appointed by the among insurance companies and the glass and pipes Saint Gobain group among state industrial companies.

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All interest coupons which shall have matured on or prior to October 1, 1986 should be presented for payment in the usual manner. The Notes will no longer be outstanding after the Redemption Date and interest on the Notes will cease to accrue from and after the Redemption Date and interest on the Notes will cease to accrue from and after the Redemption Date and interest the interest will be void.

No payment will be made within the United States, including a payment made by transfer to an account maintained by the payee with a bank in the United States, unless payees requirements of the United States Internal Revenue Service (IRS) by prov

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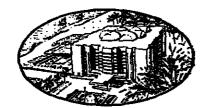


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US maintains two carrier groups in Mediterranean

Kennedy has joined the Sixth Fleet Kennedy or the Forrestal might rein the Mediterranean as the US continues to maintain two powerful carrier battle groups in the region, the Pentagon said yesterday, Ren-ter reports from Washington.

nior US officials said last week they had evidence that Col Muammer Gadaffi, Libya's leader, was planning new terrorist violence against US targets in Europe. But the White House denied reports it was attempting to provoke Col Gad-

The Kennedy, now in port at Ben-idorm, Spain. sailed into the Mediin over the weekend to replace the US carrier America. which ended a six-month tour of duty and headed home from Cadiz, Spain, to Norfolk, Virginia, defence

officials said yesterday.

They said the second American carrier, now in the region, the For-restal, wound up routine manoeu-vres in the central Mediterranean north of Libya over the weekend and was now making a port visit to Naples, Italy. The deployme

ent home of the 11ship America battle group - including two crusiers - and the addition of the Kennedy battle group left the US with nearly 30 warships in the diterranean, Pentagon officials

"You know we don't discuss fu-ture ship movements," said one offi- Col Gadaffi.

some patrols north of Libya to keep pressure on the Tripoli regime. But the official said it was clear that the US was keeping at least two carriers in the Mediterranean

for the foreseeable future. h a speech in Tripoli on Sunday night, Col Gadaffi warned the US against a repeat of its April 15 bombing raid against his country.

In the speech marking the 17th anniversary of his 1969 revolution, Col Gadaffi said Libya had full Soviet backing and was ready to light the US in and outside Libys in the

event of a new US attack. He heaped praises on Mikhail Gorbachev, the Soviet leader, and called President Ronald Reagan "Is-

on Friday in Washington, Gen Bernard Rogers, the US Nato Commander, suggested the US could use long range B-52 bombers to attack Libya if Coi Gadaffi carried out terrorist acts against Americans. "We've got the B-52s in the US. He (Gadaffi) has to know that he is subject to that kind of treatment,"

Gen Rogers told reporters, Gen Rogers, who helped plan the April US raid against Libya, said he was not speaking for President Reagan but suggested Washington should continue to put military, economic and diplomatic pressure on

Bolivian shot dead in state of siege clashes

A policeman was shot dead and at least three other people were injured yester-day in demonstrations in the city of Cochabamba against Bolivia's five-day old state of siege, Reuter reports from La

Mr Fernando Barthelemy, Interior Minister said police arrested 50 people in clashes near San Simon State Univer-sity in Cochahamba, 380 km southeast of La Paz, and discovered a large cache of explosives inside the

university.
"Tals is the clearest proof that the subversive plan to everthrow the government existed and still exists," he said.

President Victor Paz Estenssoro imposed the state of siege last Thursday after accusing leftist labour and political leaders of plotting to "liquidate" his elected

The local Catholic Church is to begin mediating today between the government and the leaders of the miners

Monsignor Luis Saem, Boliviar's episcopal confer-ence vice-president said all four members of the Mine Workers Federation (FTM's) executive council had agreed to attend the mediation talks

Brazil budget to mix austerity and attack on poverty

BRAZIL yesterday announced for a multi-year rescheduling a draft budget for 1987 which its \$105bn foreign debt.

aims to combine public sector austerity and a sharply inmercial banks on a multi-year rescheduling of marked lines on a multi-year rescheduling of marked lines. creased programme to deal with poverty, according to the country's Planning Minister.

Mr Joso Sayad said the Government was aiming for the country of the c

zero inflation, a 51 per cent increase in social programme budgets and general belt tightening for the public

Brazil has budgeted for 1987 public sector deficit of Cruzado 95.4bn (£4.7bn), an estimated 2.5 per cent of a forecast gross domestic product (GDP) of Cr 3.8 trillion.

The figure, which parallels this year's projected public sector borrowing requirement (PSBR) is likely to be considered too high by the International Monetary Fund, according to the configuration of ing to foreign analysts.

An DMF target figure for re-

straining Brazil's deficit this year to 0.5 per cent of GDP has already been passed in the first six months with official estimates putting the first half's expenditure over receipts at 1.5 per cent.
A team of IMF economists is

A team of IMF economists is currently in Brazil to carry out its annual analysis of the economy under the Fund's routine "Article Four" provisions. However, the Brazilian Government has repeatedly insisted that it will not accept the imposition of an IMF economic programme as a precondition.

Negotiations with the com-mercial banks on a multi-year rescheduling of principal are expected to begin late in the

year. But there remain problems with the 1985-86 rescheduling agreement, agreed with the main creditor banks last July. With only three days left before the deadline for acceptance signatures fall due, the agree-ment has still not been ratified by the necessary 95 per cent of creditor banks.

The 1987 budget forecast characterised as relatively austere by local commentators, estimates Government receipts of Cr 556bn and assumes inflation at zero and growth at some 7 per cent in the coming year.
Mr Joao Sayad, who presented the plan, insisted that the zero inflation project "is realistic," adding that a contingency reserve of Cr Sbn had been included in the budger scheme. Official inflation figures for the period since March when the radical economic adjustment programme, the Cruzado Plan, was introduced

remain under 5 per cent.
The Government has calculated 1987 debt servicing costs, both foreign and domestic, at Cr 79bn, down from an expected Cr 100bn this year. While the Government has repeatedly in-sisted that it will not accept the imposition of an IMF economic programme as a precondition domestic component of this will be almost half, the foreign pay-ments are projected to rise from Cr 27bn to over Cr 45bn.

Pentagon helps push US factory orders up 2.2% BY NANCY DUNNE IN WASHINGTON

THE US economy, hit by massive trade and budget deficits, of \$374.8bn. The July estimate continues to display signs of was 6 per cent above the July health as a result of lower interest rates and the continued Destrace condine street.

Mr Robert Bretz, chairman of Pentagon spending spree.
New orders received by US

factories jumped 2.2 per cent in July, the Commerce Department said yesterday and the National Association of Purchasing Association of Purenasing Managers reported a significant increase in new orders for August with its composite index rebounding to 52.6 per cent, up from 46.7 per cent in July.

The July orders increase was

the largest since December, 1985, but it owed its strength largely to military spending. Excluding defence items, fac-tory orders rose only 0.5 per cent in July, the Commerce De-

In a separate report, the Commerce Department yesterday estimated new construction put in place during July was at a seasonally adjusted annual rate of \$376.7bm (£252bm) compared

Mr Robert Bretz, chairman of the National Association of Pur-chasing Managers, said "the disturbing downtrend in three of the last four months reversed direction in August," but he also acknowledged that "there also acknowledged that "there has never been a period where the economy seemed so erratic." The association surveys purchasing managers in 50 plants in 21 industries in 50 states. An index reading of more than 50 per cent is generally considered to indicate an expanding economy.

Nearly twice as many member companies, 28 per cent. reported increased orders, while 15 per cent reported a decline in orders. More companies re-ported lower prices than those reporting higher prices, and employment trends continued un-

Pinochet bans two opposition magazines

By Mary Helen Spooner in

CHILEAN authorities have banned two opposition news magazines after they questioned official reports of the discovery of large weapon dumps destined for left-wing guerrillas in

northern Chile.

General Augusto Pinochet's regime claimed the weapons were smuggled into the country from Soviet and Cuban officials, and were intended for a leftinsurrection planned this

month.

A Chilean military court is prosecuting three journalists working for Cauce magazine, a colourful anti-government weekly, on charges of "offence and injury to the armed forces." Authorities have confiscated the last two editions of the magazine, although copies are being surreptitiously distriare being surreptitiously distri-buted in Santiago.

output cut by 150,000 b/d

Venezuela oil

Venezuela yesterday cut oil production to 1.555m barrels a day b/d in line with the Organisation of Petroleum Exporting Countries' (Opec) latest accord, Renter reports from Caracas. The decision brings Venezue

lan production down by 150,000 barrels from its July levels, which reached about 1.7m b/d. Mr Arturo Hernandez which reached about 1.7m b/d.
Mr Arturo Hernandez
Grisanti, Minister of Energy and
Mines said the decision to
temporarily cut Opec's production ceiling back to 1984 levels
has caused world crude prices
to recover to around \$15 a bartel after buring always at \$25. rel, after having plunged to \$8 to \$10 a barrel during July. • Ecuador put into effect an announced cutback in oil production yesterday, but officials refused to say how much production would be cut. It is understood to be between 45,000 and 100,000 b/d.

Poll shows Canadians want Mulroney replaced BY BERNARD SIMON IN TORONTO

spurt of political activity in Ottawa 3: ing the normally quiet summer holidays.

A CLEAR majority of Canadian voters favours the replacement of Mr Brian Mulroney as Prime Minister, according to a poll published yesterday amid a flury of activity by Mr Mulroney's Progressive Conservation Canadian to bolster in roney's Progressive Conserva-tive Government to bolster its sagging popularity.

The poll, conducted by Decima Research of Toronto, shows that 59 per cent of respondents want Mr Mulroney replaced. Fifty six per cent favour a new federal govern-ment to take the place of the Tory Administration which came to office in a landslide election win two years ago this

According to the poll, the opposition Liberal Party would gain 35 per cent of the popular vote if an election were called now, compared with 31 per cent for the Tories.

until 1989 but the Tories slip as among the ping popularity has prompted a major liabilities.

As part of its efforts to make a fresh start, the Government amounced last week that the opening of Parliament. scheduled for September 8, has been postponed to October 1.
A Throne Speech and a minibudget are expected to outline new priorities for the remainder of the Government's mandate. Mr Mulroney shuffled his cabinet extensively last June. Since then, he has moved several senior civil servants to new jobs and brought some of the Tories' most astute political strategists to Ottawa as advisers. The latter include Mr Norman Atkins, a leader of the Ontario. Atkins, a leader of the Ontario Conservatives' famed " big blue machine," who has been appointed a Senator, and Mr Dalton Camp, a former party president and journalist.

obligation to call an election until 1989 but the Tories' slipping popularity has promoted as among the Care viewed

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Jakarta in

offset deal

GENERAL Dynamics of the US,

which last week won an order to supply Indonesia with 12 advanced F-16 fighters, is to subcontract work on a further

10 aircraft to the state-owned manufacturer IPTN, Dr Yusuf Habibie, Minister of Research and Technology, confirmed

yesterday.

The order for the 22 aircraft

The order for the 22 aircraft is worth \$377m (£254m) and "is the best for Indonesia," the Minister said. The decision had the approval of President Suharto.

The offset contract whereby IPTN undertakes 35 per cent.

of component assembly is seen as a major concession by the US manufacturer. Indonesia

been hit by the fall in oil

for US

fighters

US-Taipei trade talks break up without accord

TRADE TALKS between the US measures, if any, Washington and Taiwan have broken up will take against Taiwan for its ment on key issues. US negotiators left Taipei yesterday cestions during the talks.

after failing to reach an agreement on imports of American day by the American Institutionacco, wine and beer to thou in Taiwan, the unofficial

talks.

The failure of the negotiations raises the possibility of American retaliation against imports from Taswan.

Although progress was made in such areas as the reduction of some import tariffs, export

these imports but in subsequent talks insisted on mark-ups of as much as 185 per cent, which officials feel would make their products uncompetitive in and paper.

Taiwan, and restrictions on The Gove advertising which the US feels poses to low would hamper the introduction of goods to the market.

extended over the weekend and into Monday evening with officials sometimes remaining at the bargaining table until midnight in an effort to resolve their differences.

It is unclear that retalizory

American presence there, said only that the results of the talks would be considered in Wash-

the two sides remain far apart
on two key points of the
tobacco, wine and beer imports
---advertising and pricing.

Taiwan agreed last October
to lift a long-standing ban on
to lift a long-standing ban on
these imports but in subsequent more than 3,000 foreign products further to streamline

The Government also pro-poses to lower maximum tariff levels and reduce tariff rates on more than 1,000 products. This proposal is suject to review The talks, originally scheduled to end last Friday, were extended over the weekend and

Congress 'ready to act on trade with Japan'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT IN DETROIT

THE US Congress is in the mood to take action if Japan does not redress the huge imbalance of trade between the two countries, according to Mr they want to address the situation. They can open their Harold Poling, president of Ford.

Ford is urging the US Government to insist that Japan agrees to reduce the imbalance by a series of steps over a set period.

"Unless the results meet the objectives that have been set, recent major increases in the

objectives that have been set, recent major increases in the action should be taken (by the value of the yen against the US) in the form of a tariff or dollar, the US deficit on its total

ington.
The US could also retaliate American retariation against The US could also retariate imports from Taswan.

Although progress was made in such areas as the reduction of some import tariffs, export performance requirements for cars and the opening of Taiwan's market to insurance companies, the true sides remained against Taiwanese imports under Section 301 of the US read and the opening of Taiwan's Section 301 grants the US resident the power to take president that true is true to the companies.

the importation of such goods as textiles, electrical machinery. household appliances and pulp

reached after the US Govern-ment had reluctantly promised that Israeli companies would receive half the work on the project. Under US law, US Government-financed projects of

Israel seeks

bigger share

station deal

By Andrew Whitley in Jerusulem

per cent. The talks will also deal with the details of a pre-liminary agreement on the

of the Communications Ministry

Apart from the construction work, Israel is reported to be seeking undertakings that equipment installed will con-tain locally-made components.

The Communications Ministry has been under intense pres-sure from Israel industry and

the Arava regional council, where the giant radio relay station will be built, to take a tougher line with the US, particularly over jobs.

An umbrella accord govern-

ing establishment of the facility

was initially agreed during a recent visit to Israel by Mr George Bush, the US Vice-President.

But even this was only

in radio

Government-financed projects or this sort have to be open to international tender.

During the talks, expected to last two weeks, the project budget estimates are expected to be concluded, and the contentious issue of how work on the project should be taxed will be discussed. The relay station, part of a chain being established by the VOA around the world, will

VOA around the world, will broadcast to the Soviet Union in a range of local languages.

Igrael has been sensitive to the possibility that once it comes on air, in 1990, the station's powerful propaganda could damage Israeli-Soviet relations.

In consequence one clause in

In consequence, one clause in signed is reported to commit-the US to oppose any criticism in international forums.

been delayed for several years because of a lack of finance and expertise.

The US has this week offered informally to provide 80 per cent of the estimated \$70m cost of an eight kilometres road tunnel on the 10,000 ft high Lowari Pass near the sensitive border with Afghanistan in Pakistan's North West frontier

province. Chinese public sector construction organisations are exstruction organisations are ex-pected to tender against major. Western and Asian private sec-tor companies, including British contractors, for World Bank funded projects worth about \$300m to build dual carriage-ways on Pakistan's N5 national highway near Karachi and Labore contractors, for World Bank present cut on for at least six unded projects worth about months of the year. S300m to build dual carriage-ways on Pakistan's N5 national highway near Karachi and Lahore.

The US has indicated this probably be built by US contractors.

BY CANUTE JAMES IN KINGSTON

THE POOR performance of many of the Caribbean's tradi-

tional economic pillars—sugar, bananas, banate and oil—has forced several countries to treat

more seriously an industry which was formerly expected

only to provide additional in-

Now the sight of wide-bodied

alreraft disgorging hundreds of sun-seekers, crowded beaches and high hotel occupancy rates warm the hearts of many hard

pressec ministers.

ed Caribbean Finance

Tourism last year earned

\$5bn, 8 per cent more than in 1985 as 7.9m tourists visited the

region, a 3.4 per cent rise over the previous year.

search and Development Centre, based in Barbados, says there

are grounds for believing the growth will continue. "Tourist

The first six months of this

year has shown growth of 2 per cent in arrivals following in-

The Caribbean Tourism Re-

Frontier and Baluchistan which border Afghanistan and Iran. The US sees Pakistan as a vital buffer state following the Soviet occupation of Afghani-

assumed to be subsidised, for road building projects in Nepal and elsewhere in South Asia.

The Chinese are now expected to do the same in Pakistan where they have now obtained pre-qualification contract documents for the first

ways Board intends to invite tenders at the end of this year, and other contracts would then follow in the next three years.

mountains on the border of the

TWO of Pakistan's closest senior US aid official from mile Karakoram highway in the worked on the road in the foreign allies, the US and Washington, that for strategic China, are offering to construct reasons it wants to play a major road and tunnel projects role in improving communication links in the North West the Pamir and Karakoram in Pakistan; and Balfour Beatty. Other tenders are expected two countries. This border was from France,: Sweden, South Korea and Japan.
Pakistan originally planned

opened to foreigners for the first time four months ago, Chinese contractors have in 1983 to build dual carriage-ways on the full 1,500 km length recently surprised international of the highway from Karachi in the south via Lahore to competitors by submitting extremely low tenders, which are Peshawar near the Afghanistan border in the north. About 75 per cent of the then esti-mated cost of \$800m would have been provided internationally by the private sector and repaid

through tolls. But the idea of tolls proved too unpopular politically for the government to go ahead.

The World Bank has now agreed to provide 53 per cent of the approximately \$300m cost of dualling and repairing eight sections of the highway, totalling 556 km. The Pakistan

year, tourism administrators argue, represents just over one

third of what the 29 resort

countries in the region can

The region has 98,500 hotel

and gas revenues which account for 70 per cent of its foreign exchange earnings.

The offset deal is, therefore, considered to be the main factor in winning the deal ahead of France's Dassault Breguet with its Mirage 2000.

It also gives a filip to Indonesia's fledgling defence to fully use its hotel capacity and make financially troubled resort properties viable. A volume of even 8m visitors per

industry.

The US offer which had the backing of Gen Benny Murdani, the Armed Forces chief, now makes Indonesia's strike force compatible with that of its key regional allies, Singapore and Thailand, which have already purchased the US jet.

In recent years, Indonesia, a country with 13,000 islands spread over an area as wide as the US, has become a growing market for arms suppliers.

Competition to supply the new generation of fighter aircraft had been particularly flerce fol-lowing the country's first Inter-national Airshow in the capital,

Dutch group wins tunnel order

HOLLANDSCHE Beton Groep, the Dutch construction com-pany, has won a Fl 300m (£88m) order from the US state of Virginia to build part of a seven km bridge-tunnel link across the James River Reuter reports from Rijswijk.

The Dutch group's international subsidiary Interbeton will build the link with Morrison Knudsen, of the US.
The 1,400 metre tunnel will consist of two steel tubes, each containing two highway lanes, to be lowered on the riverbed.

China in drive for Pakistan roads

ISRAEL IS seeking a larger guaranteed share of work on a controversial \$350m (£236m) Voice of America (VOA) relay station to be built in its southern Negev desert than the 50 per cent already offered by the US An Israeli Government delegation began talks in Washington this week with the aim of pushing that share up to 70-75

"Our estimate is that 70 per cent of the jobs can be done by Israelt companies," said Mr Yoram Alster, Director-General

stan seven years ago.
The funds for the tunnel would come from a second five-year economic and defence aid package, recently agreed between the two countries, and totalling just over \$4bn. The Loweri tunnel will con-nect the important border town of Chitral in the Hindu Kush mountains southwards to the contract documents for the rest of Pakistan, Chitral is at three contracts, totalling an present cut off for at least six present cut off for at least six estimated \$90m to \$120m on the NS. Pakistan's National High-

The US has indicated this probably be built by US Three British contractors are totalling 556 km. The Pakistan week, during a visit to Islama-contractors.

Week, during a visit to Islama-contractors.

China built Pakistan's 470-Pauling, which has already the remainder.

Sun-seekers warm Caribbean hearts 800-600-400-Expenditure

> estimated recently that about 2m Americans have cancelled their trips to Europe this year because of terrorism, providing the Caribbean with an oppor-tunity. Americans account for almost two-thirds of the tourists to Caribbean resort countries

Arrivals

1961 82 83 84 85

200-

arrivals for 1986 could for the first time top 8m, "the centre said in its report on the first half of this year. each year. The research and development centre reports that arrivals from the US in the first creased promotion and market half of this year were 8 per ing in North America and cent higher than the same half of this year were 8 per Europe, and the threat of period of 1985. The region is terrorism in European counalready benefiting from a tries.

Mr Frank Roshuvel, president diversion of cruise ships from the Mediterranean and the of the Trinidad and Tobago the Mediterranean and t Hotel and Tourism Association. Pacific to Caribbean resorts.

Cruise passenger arrivals for the first six months of 1986, in the three largest cruiseship destinations have risen sub-stantially. The Bahamas is up by 34 per cent, the US Virgin Islands by 40 per cent and Puerto Rico by 17 per cent, the research centre said.

1981 82 83 84 85

by visitors 100

A fall in the value of the dollar against European cur-rencies has also helped, Experts working on a plan to assist investment in Caribbean tourism, agree that the depreciation of the US dollar is making the Caribbean "a bargain, and that fact can be exploited.'
The region needs faster growth rate, however, if it is 60,000.

rooms, but occupancy levels have been low in the major resorts, ranging last year between 48 per cent and 66 per cent in countries such as Barbados, Jamaica, Puerto Rico and the US Virgin Islands. There is clearly no immediate hope of the region reaching a level of 20m tourists per year,

which the industry's planner believe would represent opti-mum use of existing hotel capacity. Intensive marketing of the region over the past five years has, failed to bring a significant breakthrough in markets such as Western Europe, or even to increase its share of the "natural" United States and Canadian markets.

The Cuban Government recently announced plans to spend \$500m in developing tourism to make it the second most important hard currency earner after sugar in the four years. New hotels are to be built existing resorts expanded to double hotel bed capacity to

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ush [

Japan's anxiety over th apan's anxiety over the question of imposing further economic sanctions against South Africa is likely to be heightened by the five-day visit of Mr Pik Botha, South Africa's Foreign Minister, starting today.

Both Japanese and South African officials say the visit is a "purely private trip," but Mr Botha is expecting to meet Mr Tadashi Kuranari, Japan's new Foreign Minister. Japan and South Africa do not maintain full diplomatic relations and, if the meeting does take place, it will be the first high-level diplomatic exchange between the two

Japanese officials yesterday stressed, however, that any meeting would be perfunc-tory, with Japan emphasising its continued opposition to assumed that Mr Botha would take the opportunity to urge Japan not to participate in any plan by Western countries to impose compre-

Japan has maintained limited sanctions against South Africa for a number of years, including a ban on direct investment. Nonetheless, Japan ranks as South Africa's second largest trading after the US. Trade between the two countries this year is expected to be worth around \$4.2bn, with imports entweighing exports by a factor of about two to one, according to Japanese trade statistics.

Last month Foreign Ministry officials disclosed that Japan was considering further, moderate economic Africa, including restrictions on the granting of entry visas to South Africans and a han on the import of South African iron ore and coal. Japan also imports a num-

ber of rare metals from South Africa, including chromium, platinum, and vanadinm, Japan has consistently maintained a low profile on the question of sanctions and apartheid. Although it and apartment. Annuagh it has a small, vocal anti-apartheid organisation, the vast majority of Japanese are apathetic about the domestic problems of a country thousands of miles away.

Iran launches attack on Iraq at Harare summit

AS HOSTILFIES continued in the Gulf war, Iran delivered ment cannot administer any another initiative. Tehran Radio platform gave Iran "control of stinging verbal attack on Iraq punishment or take up a fair said that Iranian naval forces air and marine security in the vesterday calling for the expul- and clear stand on such an had captured an Iraqi oil platsion of its enemy from the Non-

The call by President Ali Khamenei disrupted the second day of the summit in Harare mainly preoccupied with sanc-tions against South Africa. Mr Robert Mugabe, Prime Minister of Zimbabwe, who will chair the conference as the leader of the movement for the next three years, sat with his head in his hands as Mr Khamenei arraigned Iraq.

unambiguous, documented case form used as a radar reconnaisof the Iraqui regime's aggres-sion and crimes, it would be hard to hope that it could be of any noteworthy effect as far as the aggressions and oppres-sive acts of the bigger powers or great international crisis are concerned," the Iranian president said.

sance station in the northern Gulf and attacked another. It quoted a military communi-qué saying that the assault force made up of naval units of the Revolutionary Guards had taken control if the Al Amiq platform 25 miles south of the Faw penin-sula, and killed or captured its The speech, which was being broadcasted live, was cut off in the middle by the conference

had been attacked and "en-gulfed in flames," according to the communiqué. In the conflict itself, Iran

Tehran Radio said that on the northern front, the offensive near Haj Oman, which was launched on Sunday night, was ing silitable conditions, he told launched on Sunday night, was parliament yesterday.

Continuing. Three Iraqi bases Iranian leaders have reup to eight miles inside Iraq peatedly threatened an all-out were said to have been taken. offensive to end the war, which control if the Al Amiq platform were said to have been taken. It agi casualties were put at sefenders. Hojaleslam Ali Akbar platform and been attacked and "entant and been attacked and "

Harare.

"God willing, we will run down the enemy's forces with these moves in a way that will set the stage for complete success in the decaive operation to start, for which we are awaiting suitable conditions," he told

Pretoria gives in to calls for Soweto debate

to revive the hopes of (Iraqi President) Saddam Hussein's supporters," Mr Rafsan-

"We had to make a move to we had to make a move to disappoint them and let them understand that their pre-planned political manoeuvres cannot affect our defence pro-In Harare, President Kha-

menei called for the exe

of Iraqi leaders and said dele-gates were "dut-bound to expel Iraq from the Non-Aligned Movement." Iran categorically rejects peace with Iraq's ruling Baath Party.

Referral of the case for trial

means that Father Mkhwatsha, who up to now has been de-tained without trial, will be

able to testify in person. He

will remain in detention until the trial takes place in several

weeks time. Mr le Grange said

he deemed the priest's con-

tinued detention to be necessary

order, or the safety of the

was undertaken by the army at public or the termination of the

for the maintenance of public

ternationalisation has been held back by slow growth of its use as a reserve currency and in trade financing. These are the main conclu-

Capital

markets

get a yen

By Peter Montagnon,

for the yen

THE JAPANESE yen is now the

second most important currency

in international capital markets

after the US dollar, but its in-

sions of a new study by Mitsu-bishi Bank on the international role of the yen. Its publication s two years after a joint US/Japanese government study group called for the yen's inter-national role to be strengthened.

le Grange, the Minister for Law and Order, yesterday lodged a counter affidavit alleging that Father Mkhatshwa had trained youths to make petrol bombs.

In a replying affidavit placed before the court yesterday, Father Mkhatshwa said the linear action and order to charges in a court of law or departmental discip-Mitsubishi says that yen-denominated financings in the international capital market leapt to Y5,600bn (\$36.4bn) last year from Y2,300hn in 1963. Since the start of this year the volume of new yen-denominated bonds has been growing at an annual rate of Y4,000bn.

In the first quarter of this year the yen held a share of 12.6 per cent of international capital market transactions, pushing it above the Swiss franc into second place after the US dollar for the first time.

A breakdown by currency of medium and long-term interna-tional bank credit also shows the yen in second place, with a 1985 per cent share of 14.1 per cent compared with a US dollar portion of 61.7 per cent.

But if these figures point to a surge in the use of the yen as an investment currency, it still has a long way to go in other areas—notably as a settle-ment currency for financing trade and as a reserve currency held by central banks.

Last year only 35.9 per cent of Japanese exports and 9.7 per cent of its imports were settled in yen, Mitsubishi says, while yen accounted for only 6.2 per cent of official world foreign

The performance of the yen as an international currency "lacks balance," Mitsubishi "lacks balance, missions says, partly due to the absence of a viable short-term money market, which discourages investment in yen funds. "The restment in yen funds. "The short term money markets must be expanded and improved be-fore the internationalisation of the yen can proceed further, the study says.

Tambo urges pressure on opponents of sanctions

BY VICTOR MALLET IN HARAR!

MR OLIVER TAMBO president of the banned African National Congress told a news confer-ence at the non-aligned summit in Harare yesterday that the ANC wanted to see pres-sure applied to Britain and other countries opposing sanc-tions. He stopped short, how-ever, of calling for trade sanc-tions against Britain itself because of its stance.

"Pressure should be put on

those who are allies of apartheid system especially when they resist what the entire world demands," he said. "You don't end apartheid by saying you abhor it."

Mr Tambo said he would be prepared to meet Sir Geoffrey Howe the British Foreign Secretary, in London this month, before the Property of the P before the European Commu-nity Council of Ministers currently chaired by Sr Geoffrey, meets on sanctio Mr Tambo also appealed to the Third World to go further in implementing sanctions against South Africa than it

has done so far. A document under consideration at the Harare summit pledges non-aligned nations to support sanctions without necessarily enacting them. The ANC leader urged the summit to follow Zimbabwe and Zambia in promising sanctions, saying he



to such attacks. "We would rather there was no necklace,"

rather there was no necklace,"
he said. "My people can take
this as a hint."

Asked whether the ANC had
planted a bomb in Durban on
Monday which injured 18
people, Mr Tambo said: "I don't
know. I heard about the bomb
on the PBC this merrine." on the BBC this morning."
Western diplomats say they are pleased with the relatively moderate tone of the summit so far. They praise Mr Mugabe for statesmanship and say anti-American and auti-Western rhetoric has been relatively

THE South African Government tions are going ahead for a has finally agreed to hold an planned mass funeral of last emergency debate on last week's victims on Thursday, and emergency debate on last week's victims on Thursday, and week's violence in Soweto in the Soweto Chamber of Committee and Industry yesterday added its voice to community a protest against evictions. The concession came after the Speaker had twice turned down without interference by the week's violence in Soweto in which at least 20 people were shot by security forces during a protest against evictions. The an opposition request for a debate. The announcement was made by Mr Hendrik Schoeman, Leader of the House, who had

to defuse opposition anger at alleged Government high-

handedness over procedural matters by apologising for not consulting opposition whips over Government plans to

shorten the parliamentary sit-

Cape Town by-elections will test support BY OUR JOHANNESBURG STAFF

lands and Claremont, vacated by the resignation from parlia-ment last February of Dr Fred-erick van Zyl Slabbert, former Leader of the Opposition, and Dr Alex Borraine.

feared the two countries would be exposed to retaliation while their measures, which include cutting air links, would be indefective in isolation.

Mr Tambo, referring to the politics: violence inside South Africa, said he was not happy with radicals in black townships, it is mecklace"—a tyre put around the victim and usually set ablaze with petrol—but said he could understand the anger which led

President Fidel Castro of Cuba, a former head of the movement, demanded the carcellation of all Third World debt the "aids of the world economy" and the politics: violence inside South Africa, said he was not happy with radicals in black townships, as it is not the world economy and the supporters to vote instead for the New Republic Party (NRP), for the dying remnant of the once-powerful United Party of the withdraw 20,000 Cuban the withdraw 20,000 Cuban the victim and usually set ablaze with petrol—but said he could understand the anger which led President Fidel Castro of

SOUTH AFRICA'S ruling when the NP faces a direct congress in Durban and its restable party will be interested spectator on the sidelines as two by-elections take place tw with the Conservative Party to prevent dispersion of the anti-Government right-wing vote which has belied the NP retain

security forces.

Meanwhile in Pretoria, a Supreme Court judge has referred to trial the case of Father Smangallso Mkhatshwa, the Roman Catholic priest who was detained under the emergence.

was detained under the emerg-ency laws, and sought an in-

junction restraining the security forces from assaulting him. Last week Father Mkhatshwa testi-fied that he had been tortured

In Soweto itself, which re-and assaulted by security forces during interrogation. Mr Louis

The Government, which has strongly hinted that it is contemplating early general elec-tions, will be looking at the PFP's performance in the two Cape Town constituencies to see whether the loss of its former charimatic leader has increased the NP's own chances of woolng English-speaking moderate voters into its camp. It is also hoping to attract right-wing voters back into the fold after its own about turn on reform at the recent party.

In the run up to these two by-elections, the PFP has stepped up its attack on the

Father Mkhatshwa said the accusations were "laughable

nonsense cowardly and defama-tory" and added: "It seems that Mr le Grange is seeking to

smear the Catholic Church by innuendo." The Mkhatshwa case has provoked wide interest

and indignation in church circles worldwide and has led

to a strong protest from the

Vatican.
In his affidavit, Mr le Grange revealed that the interrogation

accusations were

Government in parliament, accusing it of arrogance and strongly criticising imposition of the state of emergency. The two elections will also be a test

ek, AP reports from Johan nesburg. The Soweto Chamber of Com

merce said its members would close their businesses for three hours on Thursday, releasing thousands of employees to attend the planned funeral. two elections will also be a test of the popularily of Mr Colin Eglin, who stepped in to resume the leadership after Dr van Zyl Slabbert's departure, and an indication of how far white "liberals" are prepared to demonstrate their opposition to NP policies and support for the kind of bridge-building which the PFP is attempting with the black majority.

Six hours after the businessmen's statement was published, the Soweto Divisional Police Commissioner. Mr Gideon Loubscher. issued over the South African Press Association wire a series of restrictions on funerals ni Soweto. A police liaison officer, Maj F. J. Zwane, said the restrictions were not new.

Appointments

on Wednesday?

From Wednesday, September 10, the General Appointments section will appear on Wednesdays.

Accountancy Appointments will continue to appear every Thursday as usual.

The reorganisation of the Appointments Pages will enable the Financial Times to offer a substantially improved service to recruitment advertisers and their audience.

Copy deadlines for the Appointments pages are 3 p.m. on the Friday of the week preceding publication for Wednesday and remain unchanged for publication on Thursday.

For more information contact—

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FINANCIAL TIMES EUROPES BUSINESS NEWSPAPER

LONDON - FRANKFURT - NEW YORK

Momentum grows for Mideast meeting

INTENSIVE diplomatic efforts to find common ground between Israel, Egypt and Jordan for what is being described here as "the next stage" of the Middle East peace process are gather-

East peace process are game-ing pace.

Mr Richard Murphy, the US Middle East envoy, who is spearheading the new drive, flew yesterday from Jerusalem to Amman on the second leg new yesternay from Jerusalem to Amman on the second leg of a surprise shuttle mission. He is also expected to go to Cairo. In Amman he went straight into talks with Mr Zaid Rifai, the Jordanian Premier, and King Hussein and was expected to build bear a highest processed. pected to brief them on his late

Lehanon's half - Christian, half-Meslem Cabinet met for the first time in nine menths "prompt, comprehensive and stable ceasefire," to end the stable ceasefire," to end the country's civil war which had claimed more than 100,800 lives, AP reports from Beirut. Prime Minister Rashid Karami said his 10-man Cabinet also agreed on writing a new new instant. ing a new national covenant to embody political reforms that would guarantee peaceful coexistence.

pected to brief them on his latenight private meeting in
Jerusalem, with Mr Shimon
Peres. Israeli Prime Minister.
The US is anxious to get
Jordan involved in next week's
expected summit meeting
between Mr Peres and President
Hosni Mubarak of Egypt. The
meeting, likely to be held on
September 10 has attracted

intense scepticism in Arab countries about the chances of it
moving forward the moribund
Middle East peace process.
In an apparently related
move, Mr Ezer Weizman, a
senior Israeli Minister, has
arrived in Rome on the second
stage of a mystery trip to West

Germany and Italy. He was scheduled yesterday to see Mr Bettino Craxi, the Italian Prime On Monday, Mr Weizman a top level troubleshooter for the Israeli Prime Minister and the main advocate in the coalition Cabinet, of improved Israeli-Arab relations—had a closed-door meeting with Chancellor Helmut Kohl.

Preparations for the summit coincide with a growing sense of frustration in Arab capitals at apparent US intransigence on Palestinian rights—the key to any settlement of the Middle East dispute. East dispute.

Egypt appears relatively unenthusiastic about a summit meeting, but will probably go ahead with it under pressure from Washington. Egyptian officials are saying that its success will be jeopardised unless Israel exhibits flexibility on the Palestinian issue.

from Washington: The decision to send Mr Murphy to the Middle East may herald a period of increased US diplomatic activity in the region aimed at encouraging closer diplomatic relations between Egypt and Israel as well as giv-ing support to the moderate Mr

Stewart Fleming

Commenting on reports that Mr George Shultz, the US Secretary of State, may decide to visit the region, possibly as early as next week, State De-partment officials said yesterday that no decision had been taken on such a step.

The official US position has been that he would be prepared to go if it was felt that such a visit could be helpful in negotiations involving Israel, Egypt and Jordan. A decision appears to hinge in part on Mr Murphy's assessment.



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TRADES UNION CONGRESS IN BRIGHTON

Kinnock wins support for Labour's election policy

BY PHILIP BASSETT, LABOUR EDITOR

TRADE UNION leaders responded enthusiastically yesterday to a uniental majority at the congress toughly worded message from Mr earlier this week for the TUC-Latoughly worded message from Mr Neil Kinnock, the Labour Party leader, that a future Labour govern-programme of employment law, inment would not be diverted from its policy of reducing unemployment whether or not it secured union cooperation to do so.

Union leaders indicated that such control of the unions or the "colonico-operation would be forthcoming. sation of management. Either They acknowledged that this was in would be "fundamentally wrong." effect a coded message on pay res-

The united reaction to Mr Kinnock's message at the Trades Union Congress (TUC) meeting in Brigh-ton is a further indication of the determination of unions to resolve their differences and join together to try to increase Labour's chances in the run-up to a general election. In his address to the congress, a confident Mr Kinnock, in a pow- and progress is not given in any erful speech, focused on two princi- quarter it might slow the pace, it erful speech, notised on two prints quarted is independent of the pal areas: Labour's relationship might retard progress. But I tell you with the unions and the shape of its and everyone else now it will not change the direction of these poli-

a resolution calling for restoration

of trade union rights at government

the union ban there in 1984, our La-bour Staff writes.

disruption guarantee for the signals it

communications headquarters GCHQ: (GCHQ) "as they existed before" Mr Alan Healey, FDA chairman,

bour Staff writes.

This appears on the surface to only a "watered-down" form of contradict the civil service unions' trade unionism at the Cheltenham

offer, made immediately after the base and its out-stations. "They

ban, and never withdrawn, of a no- want the full set, and they deserve

Mr Kinnock welcomed the "mouchiding ballots on strikes, though he insisted that the new partnership between Labour and the is did not mean either state

He would not be asking and the unions would not be giving any rubber stamps or blank cheques. The partnership must not mean the sub-

ordination of unions.

Mr Kinnock made it clear, too, that a Labour government would serve "the wide public interest and not narrow vested interests." He added: "If co-operation and agree-ment is denied on these policies,

DELEGATES passed unanimously posed the resolution, that there congress in a resolution expressing

said GCHQ staff would not be look-

of the "genuine security needs" of

cies for jobs and for growth in our

Mr Kinnock set out for the first time how Labour sees its programme of economic work. There would be a two-year emergency policy to generate jobs for 1m people. A five-year medium-term-employ-ment strategy of investment would promote industrial reconstruction and modernisation to sustain the new jobs. A 10-year planning "horiz-on" would be aimed at establishing coherence and continuity of eco-

Labour Party leaders are laying great stress on this as the method

economic recovery. Delegates at the congress re ceived Mr Kinnock's speech well, giving him a protracted standing ovation. Mr Tom Sawyer, deputy general secretary of the public em-ployees' Nupe, and a key member of Labour's national executive com-mittee, said: "I cannot remember a Labour leader having a better re-

Call to restore GCHQ rights

would be recognition by the unions grave concern at the "blatant disre-

gard displayed by many employers" of the Health and Safety at Work • The next Labour government should carry out a review of the running of the National Health Service to create a more democratic

system of management, the TUC and intelligence monitoring net

The TUC will draw up a 10-year

A campaign aimed at improving work based at Cheltenham. However, it was made clear by safety at work, key points of which schemes - and the control employ the First Division Association, the may be adopted by a future Labour ees have over them - was usenior civil service union which progovernment. This was agreed by mously backed by delegates.

Right strengthens hold on council

their majority on the TUC general faced, since Mr Buckton is making of the large unions - especially the council yesterday at the expense of a slow recovery from a serious ill-Mr Ray Buckton, general secretary ness. of the train drivers' union Aslef,

group on the TUC at its most hard- altered and the power of patronage

right.
The right has strengthened its of the train drivers' union Asief, who lost his seat after 13 years' service, Philip Bassett writes.

They were annoyed, too, that he should be replaced by Mr John Morton, general secretary of the Musicians' Union. Though for long a stalwart of the left, when the gening that it showed the right wing eral council's electoral system was

BR to end tribunal chairman's contract

By Our Labour Editor

BRITISH RAIL is not renewing the contract of Lord McCarthy as chair man of the Railway Staffs' National Tribunal, BR's highest-level ap-

neals body. The removal of Lord McCarthy, who has chaired the tribunal since 1973, has plunged BR and the rail unions into sharp disagreements over a successor. The Advisory, Conciliation and Arbitration Service (Acas) has been called in to try to resolve the deadlock.

BR's move against Lord McCar-thy, who has until the end of the year to complete his work with the tribunal, is understood to stem in part from strong pressure from the Department of Transport. It also reflects deep unease at senior levels of BR management with the slow-ness of the industry's consultation machinery, of which the tribunal is the peak.

Some BR managers would like to scrap the tribunal, having become increasingly dissatisfied with its awards. In particular, they are still resentful at the decision on flexible rostering – new patterns of working for train drivers in 1982.

BR has also refused to accept central part of a recent award from Lord McCarthy on using railway in-spectors in a different way to help to resolve the issue of single manning of locomotives.

Originally, the three rail unions

board implacable, the NUR and Aslef proposed as a new chairman Mr John Hughes, principal of Rus-kin College, Oxford, though the white-collar TSSA was in favour of-Mr Ian Buchanan, of London Re gional Transport's wages board. BR insisted it would not accept

Mr Hughes, who, it said, had al-ways been a union-side member on tribunals. Under the machinery of the agreement which covers the op-eration of the tribunal, and under which BR has given Lord McCarthy notice, if there is no agreement be tween BR and the unions, the issue has to be referred to Acas for it to nominate a chairman.

count of borrowing and repayments

Samwer an unverying ran or only
by local anthorities and public-secfeel that they might seem to be untor corporations under the ex-Acas officials are likely only to change cover scheme, the underlynominate someone who they are sure will have the support of all ing fall in reserves was \$141m.

The drop reflects intervention by sides. They will now make unoffithe Bank of England early in Au-gust to prop up the pound as it of Petroleum Exporting Countries phinged to new lows against the on oil production cuts. cial approaches to the unions and the board to see if there is common ground on a suitable candidate.

Ambitious Amstrad hopes to revolutionise computer market

chooses to market," Mr Alan Sugar, Amstrad chairman, said yesterday,

Yesterday's Amstrad launch kicked off by an actor dressed in pyjamas watching a faulty TV (presumably not an Amstrad) who was introduced to the wonders of the Amstrad PC by another actor dressed as a spaceman, was remarkable for its razzmatazz.

But even judged against such a showbizz backdrop, Mr Sugar's claim about his IBM-compatible PC1512 deserves to be treated seri-

ously.
On the most basic measures, price and volume, the Amstrad PC is an extraordinary machine. Ranging from £399 to £949 (all figures plus VAT), it will undercut virtually all the competition in Europe, if not in the US.

Mr Sugar is planning for sales of about 800,000 machines in its first year on the market, which would put Amstrad in one bound among the top PC companies in the world. About 70,000 machines a month will be not together in the Far Fact immediately for Amstrad, with production moving up to about 110,000-120,000 a month next year if the launch in the US goes well.

These figures, if achieved, would

represent a significant slice of the market, which will be about 950,000 machines this year in Europe and is growing by up to 30 per cent a year, according to Romtec, the computer marketing consultancy.

How big a slice of that market Amstrad is making.

The reserves fell by \$159m during

August to \$18.9bn (£12.7bn), the Treasury said yesterday. Taking ac-

Official reserves hit by

BRITAIN'S official reserves of cur- West German D-Mark. Although

rencies and gold fell last month as the correlation between interven-

to support sterling in the foreign ex- in the official reserves is not direct,

the authorities used their resources tion in the markets and movemen

support for sterling

market wherever the company the obstacles facing a new anyway. Their overheads are such personal computer

> Amstrad takes, and what impact its Some think that Amstrad will be machines will have on the rest of the PC world, depends on a host of factors, including:

drew in a whole raft of new PC users such as small businessmen who

that his machines were cheap enough to create one such new mass market business PCs in the Yet for really large sales, Amstrad will have to take some large

corporate customers. They had already shown great interest, Mr Sugar said. Competitors: Any serious inroads into the corporate market would mean Amstrad biting into the PC sales of large, well established

competitors, a point Mr Sugar ac-In Europe, that means IBM, followed by companies such as Olivet-ti, Apple and Compaq. In Britain, Apricot also features though it has

PC market. PC prices have been consistently tumbling, but it is unlikely that any of the other companies will rush in-

the Bank's action was felt at the

time to be unusually open.

In July the official reserve

showed an underlying fall of only

concerned about the pound's slide.

slipped below DM 3.04 and appeared to brake the fall, helped by

The intervention came as sterling

THE NEW Amstrad personal computer "will revolutionise the PC David Thomas reports on competitors could beat it on price that it would be impossible for them to come down to our levels," Mr Su-

weak on other dimensions. Trying to compete solely on margin is a dead loss." argues Mr David Maroni Customers: One way Amstrad of Olivetti's UK subsidiary. "The could meet its targets is if its prices public has been bitten so many times that they are looking for com panies that can give total support."

Mr Sugar believes the distribu-

tion and service arrangements for his PCs will meet that need. Mr Sugar yesterday predicted Sellers: The Amstrad PCs. if sucressful, will also have an important.

impact on the retail market. Amstrad will be selling some Mr Sugar does not know how many - through standard business PC corporate suppliers and dealers. But Mr. Sugar also stressed that he

retailers such as Dixons, Boots and W. H. Smith. Software: The Amstrad PC's impact on software could be equally

was looking for large sales through

Mr Paul Bailey, European vice-resident of Digital Research, the US-based software company whose GEM graphic software features on the Amstrad PC, stressed that he had had to come up with software costing less than £100 if it was to be moved out of the bottom end of the relevant to a machine of Amstrad's

So Amstrad's move is nothing if to an immediate round of price cuts not ambitious. Perhaps its main until it becomes clear what inroads problem will be selling in the US. Amstrad is making. where the market is less buoyant

Left attacks

new head of

cash watchdog

THE APPOINTMENT yesterday of

field, as chairman of the Audit

Commission came under strong at-

tack from local authority associa-

It seems certain to strain rela-

tions further between councils and

the commission, an independent

watchdog on local government fi-

nance launched in April 1983.

ty, writes Richard Evans.

outlook better than expected By David Churchill THE OUTLOOK for Britain's tourist industry this year is better than had been expected following the

Tourism

slump in US tourists to Britain earlier this year. Mr Duncan Bluck, chairman of the British Tourist Authority, said yesterday: "By July there was am-ple evidence that the downturn had

been temporary and that the American market was returning to near But Mr Bluck believes that the overall effect on Britain's tourist trade this year will be about 10 per cent fewer visitors to Britain than in 1985. "This might be a little pessimistic, but it would still rep the second-best year ever for Brit-

ish tourism." he said. The authority yesterday released figures showing that 1985 was a record year for tourism. It reveals that last year there were 14.5m visitors to Britain, representing an increase of 5 per cent over the 1984 figure. These visitors spent some 16 cent more than in 1984 to reach a total of £6.7bm.

The US was the largest single point of departure for visitors to Britain last year. Total numbers rose by 15 per cent to 3.2m while the amount spent in Britain rose by 35 per cent to £1.5bn.

In the first quarter of this year, transatiantic travel from the US was up by 12 per cent on the high level reached during 1985. However, the Libyan bombing raids in the spring led to a slump of about 20 per cent in US visitors to Britain in the second quarter of the year.
"Energetic efforts were made by

the BTA, in co-operation with the tourism industry, to allay the strong, if largely irrational, fears of some Americans about travelling here," said Mr Bluck.

Mr David Cooksey, managing direc-tor of Advent, a venture-capital company in the high-technology Domestic tourism last year grew less slowly than tourism from overseas. According to the authority, total spending last year by Britons on holidays within the UK rose by 3 per cent to £3.9bn.

The authority points out that "travel abroad by British people slackened its pace although the outward movement still increased by 3 per cent to 21m visits." * British Tourist Authority annu-

The main criticism is that Mr Cooksey appears to be an arbitrary choice who lacks the relevant expeal report; Finance department, BTA, Thames Tower, Black's Road, Lon-

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Shorts, de Havilland to study commuter aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ada (which is now owned by Boeing of the US) have signed an agreecraft for use by regional airlines in designs and the use of different

The memorandum of understanding was signed at the Farnbor-ough International Air Show yes-costs to the airlines. terday by Sir Philip Foreman. If these studies are successful, chairman and managing director of they are expected to last about a Shorts, and Mr William B. Boggs, year. The two companies will then president of de Havilland Canada. It is possible that at least one oth- joint production programme. er partner may join the programme. This could include Embra-

ready has a comparable study agreement on future commuter air-Both Shorts and de Havilland made on a resulting joint venture.

Canada have been involved for a

SHORT BROTHERS, the aircraft ter aircraft with several hundred too many manufacturers already, manufacturer of Belfast, and the de aircraft already in service. Shorts and it makes sense to get together Havilland aircraft company of Can-builds the 330 and 360 airliners "By joining forces on this project while de Havilland the four-engine Dash 7 and the twin-engine Dash 8 ment whereby they will study jointly the requirements for a new generation of commuter transport aireration of commuter transport aireration of commuter transport air-

types of engines. The emphasis will be on design and manufacturing

consider a further agreement on a Sir Philip said that the agreement would enable the two compaer of Brazil, with whom Shorts al-nies to utilise their facilities and resources better and that the com-

penetration when a decision was "Collaboration is the name of the aircraft is expected to be taken

"By joining forces on this project we hope to bring a new aircraft to the market in the 1990s with an enconsiderations are of paramount importance to our customers, who will be the real long-term beneficiaries of this program Each company will be responsi-

ble for its own costs, and the pro-gramme will be administered by a team selected from both pertners. In addition to the Shorts/de Havilland pact, Boeing of the US has signed a separate agreement with Messerschmitt of West Germany and Nurtanio of Indonesia to study ideas for a new small airliner of about 70 seats for service in the

The partners will study the market for such an aircraft, and a decision whether or not to build such an

Rolls-Royce stands by GE link

BY OUR AEROSPACE CORRESPONDENT

Rolls-Royce, yesterday re-emphasised the company's commitment to its collaborative agreement on aeroengine development with General Electric (GE) of the US.

Speaking at a private Faraborough dinner in London, Sir Fran-cis said of GE: "We admire their capability and have a mutually beneficial relationship which we in Rolls-Royce wish to continue,"

Sir Francis was commenting on the fact that recently Rolls-Royce had won the order for aero engines

SIR Francis Tombs, chairman of Jumbo jets ordered by British Air- CF6-80C and the RB-211-524D4D Rolls-Royce, yesterday re-empha- ways, in the face of intense compe- engines.

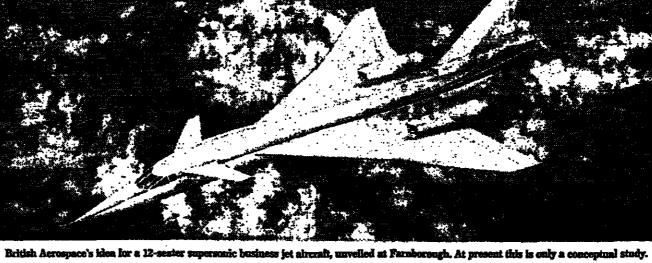
tition from GE despite the fact that the two engine companies had a would have fallen foul of US anti-long-standing collaborative agree-trust requirements, and therefore it Sir Francis said: "We made up our minds to win on straight techni-

cal and commercial grounds." But he added that it was important to dispel erroneous impressions that arose during the hard-fought battle.

"Our collaborative agreement did had won the order for aero engines not in any way preclude competi-in the 16 Boeing 747 series for 400 tion between the General Electric

trust requirements, and therefore it is hardly surprising that the agreement recognised that we would continue to develop the 524 engine." Sir Francis said that Rolls-Royce

remained confident that privatis achieved in April or May of next, year. He remained confident that the company would have a continued good track record of profitabili-



Funding row over fighter deepens

reat by British Aerospace officials to ground the high-technology demonstration aircraft next week unless the Ministry of Defence shows that it wants to continue

The £180m EAP is the most advanced and most expensive fighter aircraft built in the UK and is a forerunner to the £20bn Eurofighter ogramme of the UK, West Ger-

many, Italy and Spain. The EAP has so far been fur through a partnership of the MoD, British Aerospace and other UK, West German and Italian aerospace companies. The MoD put in £80m with £100m coming from the manu-

MoD funding ceased as soon as the EAP landed after its maiden

flight on August 8. The MoD has to all intents and purposes pulled out of the joint in-dustrial Government-funded pro-gramme," Mr John Vincent, the EAP project manager told the Fi-the EAP."

for the Experimental Aircraft Pro- no more money and no feeback gramme despened yesterday with a from the MoD about its intentions." This is despite the need for at for the forthcoming Eurofighter air-least a further 18 months or so of craft Michael Donna writes.

The result is that British Aerospace and its partners had to fund all subsequent flight-testing without the support of the principal original partner, the MoD. This had involved the company spending mil-lions of pounds since the maiden flight, Mr Vincent said.

BAe officials believe that the MoD wants to link further funding of the EAP with future decisions on the Eurofighter. There was a reductance at the MoD to talk about the RAP separately from the Eurofighter programme, Mr Vincent said. This is upsetting the British Aerospace and the other industrial part-

ners in EAP," he said. The MoD said last night: "We are considering the future connection of the EAP aircraft and the Euro-

Eurofighter engine project launched

pany has been set up to design, develop and manufacture the engine craft, Michael Donna writes.

The company, called EuroJet Engines GmbH, will be registered in West Germany with its headquarters in Munich. Mr Colin Green of Rolls-Royce will be the manage director. The four partners will be Rolls-Royce of the UK, Fiat Avizione of Italy, Motoren und Turbinen-Union (MTU) of Munich and Sener of Spain

There will be a board of 12 members, three from each company. The irmanship will rotate on a regular basis, but the first chairman has

not yet been named. The work-sharing arrangements will be the same as each country's financial stake in the programme. Rolls-Royce and MTU of Germany will each have 33 per cent, Fiat Avizione 21 per cent and Sener 13

The engine to be developed will be called the EJ-200, with 20,000 lbs of thrust, and will incorporate Eu-

engine are nearing completion. Present planning envisages the first run of the engine about 18 months after development approval with flight clearance about two years later. The engine is expected to enter service in the Eurofighter aircraft itself in about 1995.

The new company is being orga-nised along similar lines to Turbo-Union, the company set up some years ago by Rolls-Royce, MTU and Fiat to build the RB-199 engine for the Tornado multirole combat air-

Fiat will undertake the low-pressure turbine, reheat system, gearbox and oil system and the intermediate casing. MTU will undertake work on the high and low-pressure compressors and will participate in

high-pressure turbine and the intermediate casing and is participating in other parts of the engine. Sener will have responsibility for the nozzle, jet pipe, exhaust diffuser, lowpressure shaft and the bypass duct. maritime airborne radar.

Creativity 'vital requirement' for

high-technology industries

New type of prop-fan to be tested

By Our Aerospace Correspondent

A QUIETER version of the General Electric prop-fan engine called the unducted fan is being built for flight tests on a McDonnell Douglas MD-80 test aircraft in mid-1987 as part of a programme by McDonnell Douglas to join the prop-fan era. The first "proof of concept" prop-fan engine built by General Electric

(GE) is already flying in the US in a Boeing 727 test aircraft. It is claimed to be producing even lower noise levels and fuel consumption than originally predicted.

The second prop-fan engine that GE is about to build will be of a slightly different design. It will have two counter-rotating hubs. On one hub 10 propeller blades will be mounted and on the second eight blades. This configuration, which is based on McDonnell Douglas's own research, is expected to reduce the engine noise levels further to enable the engine to meet US regula-

Parts of this second engine are on order, and GE will begin assembly

Sabreliner and MEL in pact

MEL, a UK-based Philips electronics company, and Sabreliner of St Louis in the US announced yesterday an agreement to develop jointly Rolls-Royce will have responsibile cost modification of the Sabreliner ity for the combustion system, the military executive transport aircost modification of the Sabreliner

craft, Lynton McLain writes. The Sabre Super Searcher will be used as a maritime reconnaissance and air-sea rescue radar aircraft. It

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For their peace of mind and yours A INTERNATIONAL COMPANY

David Fishlock, Science Editor, reports from the British Association's annual conference

TO STAY young and continue to learn widely were vital requirements for employment in the large high-technology industries, Mr John Coplin, Rolls-Royce's director of design, told the education section at the British Association's annual conference at Bristol University

Mr Coplin said creativity was beon a very deep understanding of several countries.

friends and experts - all were im-portant steps towards "a creative spark which can ignite a rewarding

It was still more demanding because, in order to work, the creative mind had to persuade many people to invest in his idea before anyone alse had done it. Rolls-Royce believed that, if it

could apply its design and develop-ment skills interactively, so that the costly development phase was mainly concerned with confirming that the design worked, it could cut the costs of inventing a new aero-engine to as little as a lifth and reduce the time needed by up to a

But he warned that this new ap-proach also had huge potential for being counter productive. It was tempting for the designer to use only what was fully proven, to the point where any competitive edge was lost.

the engineering and basic economic for the first time to prevent a common cancer by immunisation. Primary liver cancer was one of the 10 most common cancers worldwide, with over 250,000 new cases each year. Average survival of victims was only three or four months. There was much evidence that, in

estry section, forecast dramatic re-

Prof Arie Zuckerman of the London School of Hygiene and Tropical Medicine told the biosciences sec-

80 per cent of patients, the cause of primary liver cancer is infection with hepatitis B virus. Chemically synthesised polypeptide vaccines had many advantages as safe, cheap and reproducible prophylac-Mr George Holmes, director gen-eral of the Forestry Commission, in his presidential address to the for-

The potential was immense for gas cookers and by fires.

through developing the genotype "In agriculture, conventional plant breeding has been dramatically successful in increasing and stabilising crop yields over several decades. In forestry, on the other hand, tree breeding is at an early stage, and the potential gains are very

Dr Melvin Cannell, from the Nacoming increasingly neglected in tion that a vaccine to protect tural Environmental Research high-technology industry. It is very against one of the most lethal kinds Council's Institute of Terrestrial tural Environmental Research demanding. It relies for its success of cancer was being evaluated in Ecology, in a paper analysing the may very deep understanding of several countries. on a very occup unconsistency of scientific advance the world over, countries advance the world over, countries of said unique opportunities existed wood, they would fulfil only 2 to 6 said unique opportunities existed solar energy said that, if Britain's per cent of the national energy de

> The forest area available for growing fuelwood was likely to be ess than a quarter of the nearly 2m Britain. It would provide less than I per cent of its energy needs.

"This reality is not always appre ciated by those who focus on the limited energy needs of households or small enterprises." The picture was also quite different from coun-

try to country. In his presidential address to the chemistry section Prof Brian Thrush, professor of physical chemistry in Cambridge University, said sults from the application of the most people encountered air pollu-new techniques of biotechnology to tion indoors, from the combustion generated by those who smoke, by

enhancing tree vigour and form. But publicly, the concern which wood quality and resistance to in the 1950s had focused on soot pests and diseases, as well as im- and sulphur dioxide switched to proving growing conditions through ozone depletin in the 1970 and to site treatments. "acid rain" in the 1980s. Today, One of the most exciting pros-occts was tree improvement major contributor to forest damage.

Teachers in deal on covering for colleagues

BY DAVID BRINDLE

THE NUMBER of children being sent home from school because of sent home from school because of teachers' refusal to cover for absent colleagues is expected to be reduced sharply, following an agreement worked out yesterday after 13 hours of talks.

The interim agreement, accepted in principle by the National Union of Teachers (NUT), the biggest teaching union, includes recognition by the employers for the first time that teachers should not have to cover for colleagues for more than the first day of absence.

As well as ensuring that fewer children miss lessons, the agree-ment is crucial to the wider deal on a new salary structure and employment contract for teachers signed in July. Without it, the deal was likely to collapse.

The agreement applies to the au-tumn school term and is supported by the NUT, the Assistant Masters and Mistresses Association (the third-biggest teaching union) and the Professional Association of

The two head teachers' organisations and the National Association of Schoolmasters Union of Women Teachers, the second-biggest teaching union, declined to endorse the for the first three days.

pected seriously to affect it.

Most problems caused by teach

ers' refusal to cover involve NUT members - particularly in London, where the union's local association has since the end of the teachers' pay dispute in July maintained a policy of no-cover.

The agreement, still subject to ratification, says that, where no formal local arrangements exist, employers will use their "best endeavours" to organise cover through temporary teachers after the first

Where this proves impossible cover should be shared equitably among all teachers within a school.

The agreement will be policed by
employers and union leaders at national level.

In return for this, the unions have accepted that there can be no extra funding for cover duty or supply teachers this term.

Although the agreement is without prejudice to further negotiations on a permanent arrangement, to be introduced from the start of the spring term, it will be difficult for the employers to pull back from the principle of only one-day cover. Previously, they have wanted cover

Multipart joins Belgians to sell in Europe

By Kenneth Gooding

MULTIPART, the Rover Group subsidiary which claims to be the UK's largest distributor of commer-cial vehicle parts, is to move into some major continental European markets by way of a deal with Itan, the Belgian wholesaling company. From next February Itan, which is part of the Willy van Doorne Group of the Netherlands, will be able to use the Multipart name in

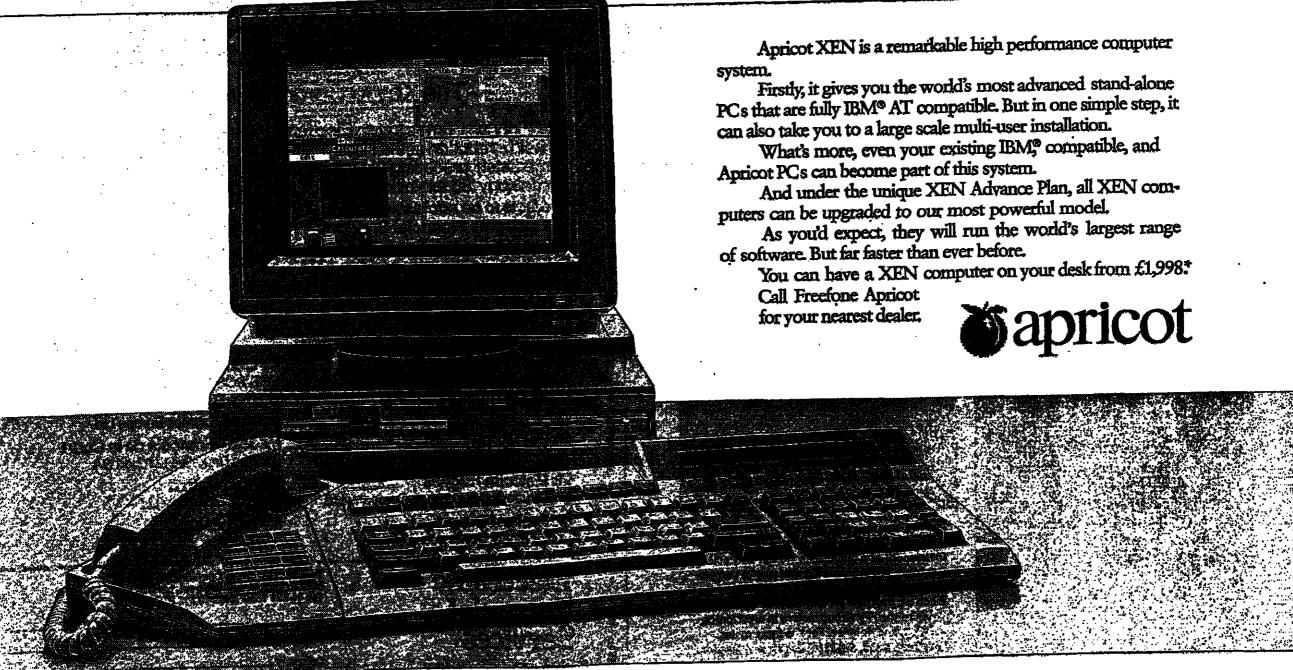
Belgium, France, Luxembourg and West Germany. Itap will also enjoy the benefits of the UK company's bulk purchasing power. However, the Belgian com-pany will not distribute those parts

unique to Leyland vehicles. Unique Leyland parts will continue to be exclusive to the Leyland Service Multipart operates from the Ley-land Parts distribution centre at Chorley, near London, which is just coming to the end of a five-year,

£17m modernisation programme. The organisation carries £100m of stock at list price and distributes parts to fit trucks and coaches produced by Western Europe's 12 maor producers, as well as those for Leyland vehicles, through 600 dis-tributors, dealers and stocklists in

WHOLE INDUSTRY

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The system illustrated is the XEN-xi10 with optional XEN-TEL, high resolution colour monitor. For the Apricot XEN-xi10 featuring: 8 MHz Intel 80286 processor; 512K RAM; high resolution mono monitor, 10MB winchester disk; options of 5.25" floppy drive with 1.25" floppy drive with 2.25" floppy d

ap

Stephanie Yanchinski, in Singapore, reports on the multi-million dollar race to improve hepatitis vaccines

US pharmaceutical group, has logy company, Singapore Bio-safety of a vaccine derived burst ahead in the race to capture a huge potential market Merck's vaccine within the ASEAN region.

Health Organisation, insist that disease is a killer in the Far East and Africa.

Over the past decade a umber of pharmaceutical pharmaceutical firms have spent millions of dollars on hepatitis research, lured by the large rewards success would bring.

These include: Sanofi, of France, Amgen, Biogen and Chiron Corporation, of the US, Smith Kline-RIT. Belgian subsidiary of Smith Market Sidiary of Smith Market Sidiar sidiary of Smith Kline French, the US-based multinational,

Merck, based in Rahway, New Jersey, was the first to succeed with a vaccine derived from infected human blood. How-ever, quantities remain limited by human sources for the raw

Now approval just granted in Asia, mothers often pas by the American Food and the virus to their newborn Drug Administration clears the children. way for Merck to market a Merck's conventional vaccine, newer version of this vaccine, extracted from the blood of Based on genetic engineering to can be manufactured in duce. This limits supplies and the statement of the control o

Asians and their children from hepatitis and the risk of liver Moreover, the perceived fear

However, more ambitious it is safe.
plans to license the technology and build a \$520m production facility to manufacture the cided on vaccine in Singapore have been temporarily delayed.

Hepatitis B is a serious in-fiammation of the liver, caused by a virus. The symptoms in-clude fever, nausea, vomiting and jaundice. In the US alone, between 800,000 and 1m people carry the virus. Doctors, dental

limited health services.

The estimated 240m who carry the hepatitis virus throughout the world risk developing chronic liver disease, cirrhosis and even liver cancer. About 70 per cent of these carriers live

it can be manufactured in unlimited amounts.

Called Recombivax, and marketed as B-Hepavac II in Asia, it could safeguard millions of Asians and their children from the developing world. the developing world.

Faced with an intractible marketing problem, Merck de-cided on genetic engineering as a way to manufacture a safe, hepatitis vaccine in quantities large enough to innoculate whole populations, and thus break the vicious mother-tochild carrier cycle.

The new vaccine is synthe sised by common baker's yeast, This simple organism is genetically reprogrammed to manu-facture a single protein element found in the hepatitis B sistent, public health probL. Elsewhere, where the
is endemic, hepatitis
ses severe strains on already
ted health services

Ordinary yeasts are easy to grow in large quantities, and it takes Merck engineers only a few days to ferment the genetically engineered varieties in special steel vats. Harvesting and purifying the small amounts of surface antigen reamounts of surface antigen re-quires sophisticated technology and a little more time. Even so, a batch of Recombivax can be produced for market every

With ample supplies of vaccine now assured the Chinese authorities, the World Health Organisation and an unnamed of donor agency are proceeding facility.

MERCK SHARP AND DOHME, cancer. A fledgling biotechno- of some doctors about the with plans to test Recombivax on a large scale.

They are considering a programme which will involve vac-cluating at least 100,000 newborn infants in a small province in China, and periodically checking over the next 30 years, the incidence of hepatitis and liver cancer in this group.

Singapore is not the only newly industrialised country planning to manufacture the hepatitis vaccine. Taiwan already sells a blood-derived version in co-operation with the French Institut Pasteur Production, and South Korea is working on its own genetically engineered version, as is China. These should be available with-

in a few years. In June, Smith Kline-RIT appeared to have stolen a march on its great rival Merck, when it launched its hepatitis vaccine, Engerix B, in Malarais Part marketing and Malaysia. But marketing and regulatory problems have forced Smith Kline-RIT to temporarily withdraw its product.

The ASEAN region will depend on Singapore Biotech for its supplies. In 1984 a group of ASEAN ministers accorded the Smeapore hepatitis vaccine project top importance when the group designated it an ASEAN Industrial Project. This commits each member of the ASEAN group to a 1 per cent equity stake in Singapore Biotech, and sharing the cost

\$520m production

This commitment from ASEAN depended on reaching agreement with Merck, Sharp and Dohme, over the terms of transfer of technology, including royalties. After a year of dis cussion Singapore and Merck negotiated a "sort of letter of intent," says Dr Khong Peck Wah, Singapore Biotech's general manager. This includes an option to manufacture the

logy. However, Singapore Biotech will build the facility only if the results of the test marke justify the investment. Recom-bivax's price places it upmarket of mass vaccines such as those for polio which cost at most a few dollars an injection.

vaccine using Merck's techno

This goes against the conventional wisdom that genetic engineering mean cheaper drugs. Elinor A. Fagan, Merck's product manager for Recombivax, says "The cost of biocontainment of the production facility places a heavy burden on US pharmaceutical com-panies. This, coupled with the increasing cost of science and clinical trials and the effort to be out first pushes up price of the final product.

Meanwhile, many countries may not be able to afford Recombivax. "With the decline in the economy in the region," says Dr Khong Peck Wah "governments have less to spend on health. And we can only go into manufacture if the market support is there."



Australian computer takes the plunge

AN AUSTRALIAN research group at the Deakin Univer-sity in Victoria has developed an underwater computer. The system provides divers with instant navigation, mappin and storage of observations data facilities.

The main applications are during undersea surveys to take away the tedious task of setting out grids of ropes as co-ordinates for samples. Instead an electronic grid on the microcomputer screen displays centing sition and depth. of position and deput.

It will be useful in archaeological mapping, marine pollution analysis, police underwater searches and off-

CO-ORDINATE MEASURE-MENT of engineering surfaces without contact, using an optical system, is offered by Hahn & Kelb (Great Britain) et Rugby (0788

shore oil drilling

The object, as with touch trigger probes, is to follow a surface precisely, the associated co-ordinate measuring machine registering the posi-tional data. The probe uses a light beam that is kept focused on the measuring point by detecting the smallest size of the light spot, thus maintaining the probe at a fixed distance from the

With no physical contact, the probe is ideal for checking soft or delicate surfaces, like car seating or soft trim.



engine designs has prompted the AE group to invest nearly Eim in its valve train compo-nents production facilities. Future engines will require more valves per cylinder as designers move more towards twin overhead camshafts and multiple injet and outlet

valves.

The AE Group based at Rugby in Warwickshire is forecasting 25 to 30 per ce increase in the demand for such components. The gr subsidiaries specialise slatered products which result in cost competitive but good quality components.

SILICON carbide and ceramic shicton carolide and ceramic fibre materials are helping to improve the efficiency of coal fired power stations. These materials are being used to reduce abrasion problems to pipework, ducts and nozzles by pulverised feul and the damage to hoppers and ducts used for sluicing away ash.

Inside the boiler, parts

have to be protected from ex-treme heat and thermal shock Carbordunum Resistant Materials in the UK has recently introduced two sili-con earbide products to meet the demands of this market. More information is available on 074 488 2941.



plays it by numbers

HITACHI Seiki, the Japanese machine tool builder, has developed a computer numerical control systems for its range of turning machin

The system is unusual in that full instructions of oper-ation and maintenance of both machine and CNC are held in computer files within the control system. The company says that this obvixtes the need for conventional operator and service manuals.

Screen means with func-tion key selection, guide the operator through program-ming routines and colour shape, tool path and area clearance displays. More de-tails from distributors, Tarex. Berger, in Egham on 0784 33711.

TELEPHONE SYSTEMS from Panasonic in Japan are avail-able from Ansamatic in London, They allow incoming calls to be answered by any member of staff obviating the need for a switchboard and operator.

However, it is possible to add an operator's console to give the full benefits of a dedicated operator if desire The systems, designated GX, can have six outside lines with 16 extensions or 12 with 32. They have been designed to meet the needs of small to medium-sized businesses. More from the com-pany in London on 446 2451.

CERAMICS for industrial components such as bearings, extrusion dies, high strength thermal barriers and crucible are available from TAC Engineering Materials of Trafford Park, Manchester. The company has estab-lished a new ceramics production and development unit specifically for high perfornce ceramics m sintered silicon nitride. More details from the company on 061-872 2181.

Scotiabank's software key to the global market place

effective management reports.

TECHNOLOGY is one of the chicago-based software house. in the global marketplace."

Running on Tandem cominternational banking, and one puters highly recorded in the puters, highly regarded in the financial world for their fail-safe features, the software is said to process and consolidate international transactions at of the most expensive. But it is essential to keep up with the latest hardware and software if a marketing edge is to be main-

The Bank of Nova Scotia for example, has just announced a \$25m investment in a new global wholesale banking and treasury system which it hopes will be the key to its continued profitability through the 1990s.

The development is planned to last some five years. At the heart of the system is a set of "new generation" computer "We wanted to put oursel in the best position to be able to respond to the market," he says. "We needed to automate all our programs developed by Inter-net Systems Corporation, a flexibility we are going to need

combat aircraft.

Mr W. P. Meinig, senior vice president, administration for Scotiabank, explains that the bank has been using a mixture of mainframes, minicomputers and even some manual systems.

"We wanted to put ourself in

PARTS. Put 74,692 parts together and you

have a Viggen fighter. We maintain, test, and overhaul each one of those parts on Viggens

and other aircraft. We've been doing it since Swedish aviation first took off in 1913, and are certified and established in the U.S., U.K., and Sweden. Now we've developed computer

software for automatic testing of the JAS 39 Gripen, soon the world's newest multi-role

Two of the biggest problems for banks, in fact, are integrating the client files they have built up over many years built up over many years usually on a disparate collection of equipment, and setting up

high speed from almost any-where in the world. Mr Meinig says: "The Internet System was selected now because it provides the best world integrated software solution "It will provide the bank with

ently and define profitability by both banking service and client connection worldwide. real-time, 24-hour fault-tolerant system is not easy. Mr Rachal and his colleagues connection worldwide.
"It will also enable us to

manage our risk exposure across the full spectrum of corporate and treasury banking services," Internet system licences have

now been sold to seven of the world's leading banks including the Royal Bank of Canada and Deutsche Bank.

developed the forerunner of the Internet system for the First National Bank of Chicago.

Mr Rachal explains the system is not simply a reworking of the Chicago model but is based on new and advanced software technology.

Internet is unusual in that it

has an 11-member advisory Mr Paul Rachal, Internet board representing some of the international management information, reporting and communications. It will allow us to manage all major types of company with ambitious plans products."

The only real Ratinal, Internet board representing some of the world's largest banks. The list includes Deutsche Bank, Chase Manhattan, Lloyds, Westpac and Den Danske Bank of Copenhaptroducts."

The only real competition to the system at Scotlabank is required.

hagen. The system at Scotlabank is 0.01mm. He goes on to say that the Internet, he states, comes from currently undergoing service software will enable the bank the banks' own in-house devetesting and is expected to be to handle transfer pricing effici- lopments—and building a in full operation within weeks.



A Financial Times International Conference in association with The Banker

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Type of Company.

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- Cash Management for the Small Company

Security of Data

Some of the speakers taking part: Mr Trevor Nicholas

Bardays Bank PLC

Mr Fabio Chiusa lpacri

Mr Bill Murphy Western Trust & Savings Ltd

Mr Malcolm Hughes

The Prudential Assurance Company Ltd

Mr Michael Bliss Fraser Financial Services Ltd

Mr Doug McCallum **EFT-POS Administration Ltd.**

Mr Harvey Frey American Express Europe Ltd

Mr Jean-François de le Court Banque Bruxelles Lambert SA

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Electronic Financial Services

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FINANCIAL TIMES SURVEY

Wednesday September 3 1986

World Freight

Freight can account for up to 20 per cent of a product's sales value, and ways to increase efficiency are being studied. "Intermodalism" is a vogue word as air and sea operators turn their attention to land business.

Linking up to chain down costs

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ANTONIO DI P

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ment approach and a good deal of planning.

Not all companies give transport its due regard as a significant cost element in the distribution chain, which can be reduced or kept in bounds with the right methods and enough foresight.

In many companies, notably in the UK, the person in charge of transport is not always of the highest calibre. Thus the freight aspect of business is not always given adequate attention. It is a failing that has caused some concern both in the freight industry itself and within the Government.

In an attempt to give the industry a higher profile, the second World Freight conference and exhibition is being held in London next week. The topics to be discussed run the freight conference and documentation.

Freight costs account for up

Timer to retailer, has become a shippers of them freight operators, the freight operators at some concern both in the freight industry itself and within the Government.

In an attempt to give the topics to be discussed run the freight industry itself and within the Government.

Freight costs account for up

Timer to retailer, has become a shippers of them fines freight operators attended to the continent that the freight operators in the keright operators, or access the or the subject of a government study this year. One reason for the disparity was given and enough to be the subject of a government study this year.

Menny of the world's hig shippers of a government study this year.

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Menny of the world's hig shippers on excess the movement of goods.

Menny of the world's hig shippers on excess the subject of the subject of the world have goods.

Europe, such as the Nether and the relight continuity of a shippers of the overcapacity on their own.

Because of the overcapacity on the vast continent in the strength seed at the world. 1984 by the profile of t and intermodal transport, to support the first state of the computarisation, theft, fraid and documentation.

For shippers, the nature of period nearly two years ago, ters."

For shippers, the nature of period nearly two years ago, ters."

For shippers, the nature of when it sought to cut costs and to 20 per cent, or more, of a US has changed considerably boost efficiency. For some recent speech, "these forwar-

By Andrew Fisher

THE FREIGHT industry is one of the nost varied, complex and sophisticated in the world, yet probably one of the least understood by outsiders.

It does not just involve the moving of goods around the world by sea, land or air. As well as the physical movement, it encompasses finance, insurance, storage and other related activities; all of which demand a highly disciplined management approach and a good deal of planning.

Not all companies give trans.

working.

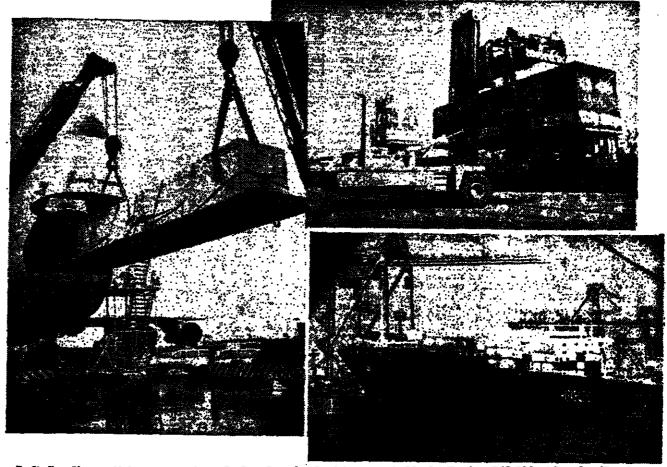
In the end, the port won through. But it was touch and go, and fears were raised that the container-handling section other lines and ports and of the needs of the cargo shippers. Another key reason cited in

the government study for the higher rates from the UK was the approach of freight users themselves. On the continent, there seems to be a much greater willingness to search for the best deal, whether among lines organised in conferences, which set rates and cargo allocations, or among rate-cutting outsiders.

Mr Zander McQuillen, chairman of the British Shippers'
Council, noted that the report
stressed the role of freight foron the east coast of England in Suffolk, efforts have not been hampered by membership of the National Dock Labour Scheme, which has tended to inhibit changes in working mercial services manager for practices and to make it hard to reduce jobs.

The rival south-coast port of Southampton, on the other ping) services. They compete hand, which is in the scheme, went through a transmitted whether on sea, land or by air.

On the coatinent, forwarders handle about three-quarters of deep sea trade. Thus, added hir McQuillan, who is also the commercial services manager for imperial Chemical Industries, they are the mean buyers of liner (scheduled cargo shipporters and expor-



Left: Loading a 40-tonne core for a hydro-electric plant into the hold of a Boeing 747-200 at London-Heathrow.

Top: A road trailer is lifted by a Kalmar LMV fork lift truck with a piggy-back frame that has a capacity of 37 tonnes. Right: One of four Hapag-Lloyd container ships deployed on the North Atlantic service

ders have the stature, profes- a competitive edge. "The effect tion and awareness. "For prosionalism and expertise to bargain effectively and inde-pendently with the shipping lines. Such conditions do not exist in the UK. Why is this?" He put much of the blame on to shipping companies and con-ferences. The latter do not

ferences. The latter do not great commissions to forwarders in the UK. In a blust criticism of this attitude, he argued: "The logic for this refusal, when the carriers are actually enjoying higher freight rates ex the UK and are openly prepared to offer such discounts on the continent is indefense.

But UK exporters also lay themselves open to criticism for shipping goods predominantly FOB (free on board), at a ster-ling ex-works price, instead of CIF (carriage, insurance and CIF (carriage, insurance and freight) in local currencies.

on the economy is unbelievable," said Mr Seymour Grann, managing director of Sea-Grann, a UK-based international

treding company.

"By selling FOB, we're deliberately curtailing our transport and distribution services, not to mention banks and finangiving our overseas competitors an amazing opportunity to jump an amazing opportunity to jump in and quote prices with door-to-door delivery included."

Clearly, he reckoned, foreign customers preferred to buy on a delivered door-to-door basis. "If I was a local businessman faced with quotes in my local currency, including carriage, insurance and freight from all round the world with just one quote from a UK company in pounds sterling, ex-

pany in pounds sterling, ex-works, I know which one I would choose.'

overseas competitors are quot ing a full CIF price and gaining it is mainly a question of educa-

gress to be made, it requires that senior management recognises the problem and provide the necessary expertise and training, not only within the specialist transport field, but to the necessary expertise and training, not only within the specialist transport field, but to open in 1993 but with a few more parliamentary and financing but transport of the Fragnt Transport Association in the UK.

its marketing and export selling arms as well." could bring about more co-operation within Europe's trans-The solution to some major problems lies outside the reach port sector, especially on the But without an in

problems lies busine the reach of companies, however. Lengthy negotiations, aimed at freeing the European transport and shipping industries from lingering national restrictions, have yet to bear substantial fruit. road connection—vehicles will be carried on a rail shoutle the freight industry is not too enthusiastic about the benefits of a fixed link. "There's no real need for a tunnel," edded Miss Trewhitt. Several REC members, not-ably the French in shipping and the West Germans in land trans-port, have regulations that make it hard for outside lines or harders to enter their internal

Clearly, in such a multi-faceted industry as freight, there are no straight answers to many of the issues now being discussed. One thing is certain however. As customers become more demanding, transport operators will have to become ally over its callways," com-mented Caroline Trewhitt, who is co-ordinator for eir and sur-services they provide.

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See Antrak on Stand 204 of World Freight Exhibition at the Barbican

Freight into and from the UK

protectionistic countries, especi-

That's why the Port of Rotterdam handles more in- and outbound UK freight than Antwerp, Zeebrugge and Hamburg collectively. Leaving aside the 14.5 million tons of British North Sea oil this represents a total volume of 18 million tons of which over half the incoming 5 million tons is transit trade for Europe and beyond. 1 in 5 containers passing through Rotterdam is bound for or from the British Isles. Equally significant, UK roll on/roll off traffic currently accounts for 85% of all ro/ro movements routed through Rotterdam.

And when you furthermore consider that more than 50 shipping companies maintain a regular UK - Rotterdam service while another 40 operators offer groupage services on the basis of daily and weekly sailings, the conclusion is clear. Rotterdam is a worthy partner, well qualified to handle the

goes so much more efficiently

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when transshipped via Rotterdam.





By land

Door-to-door service a key selling point

WORLDWIDE GROWTH in the could top the 1m mark this use of containers to move year. use of containers to move freight is encouraging the development of an increasing range of intermodal transport

Intermedal, or transport involves brusher different types of typically conditions. road and rail, but also sea-air, sea-road or road and air-road allow the international through-movement of goods.

With the now widespread availability of mainly 20 ft and 40 ft freight containers, in particular, a growing number of shippers and forwarders are looking to load their consignthe full door-to-door movement One intermodal tariff covers any combination of road, rail.

sea and air modes.

Leading the field in terms of intermodal operations at present is North America, where vast land distances have created a market in which road and rail service operators have sought to integrate their activities both with each other, and in particu-lar, with international shipping

lines and airlines. In the US, for example, many of the leading shipping lines, such as American President Lines, Sea-Land and United States Lines, have developed their own freight-train operations to move containers around the massive country, notably een the east and west

Full door-to-door services are now an essential selling point for shipping lines serving the highly competitive US market. The importance of full inter-modal back-up was highlighted earlier this year when US com-pany Lykes Bros Steamship inaugurated a new direct containership service between the US Gulf ports and the UK/

Lykes' vice-president Atlantic division, Robert T. Martinez, said the shipping service would be complemented by a full range of intermodal equipment, including 20 and 40-foot con-tainers, flat racks, open tops and

refrigeration units.
"We will provide full intermodal point-to-point transporta-tion, both in the US and Europe, including express train services between the US Pacific coast and the Gulf. We have a vast intermodal network which embraces truck, rail and water carriers. It is a complete system," he said.

Many of the shipping lines serving the US market are now, in fact, using the "double in fact, using the "double stack" system of rail-borne container movements. Instead of one container being carried on one rail wagon, two are carried, one on top of the other.

Although initially introduced by American President Lines, five or six years ago, this apparently simple innovation has only really caught on over the last couple of years, encouraged by estimates that double-stacking can reduce rail costs per unit by up to 40 per costs per unit by up to 40 per cent. Now it is reckoned that the number of containers moved

One of the most recent additions to the double-stacking brigade in the US has been Talwan-based liner shipping operator Evergreen Marine Corporation which, in July, inaugurated its own double stack train service (DST) between Los Angeles and Chicago, using a combination of services provided by the Southern Pacific and Burlington Northern Railroads. First vessel to connect with the new rail service was the Ever Growth, which operates in the Pacific southwest/Japan/Taiwan/Hong Kong

The Evergreen DST service leaves Los Angeles every Thursday, arriving in Chicago three days later. For destinations east of Chicago, containers are moved by truck or conventional

mitially, Evergreen plans to offer 150 x 40-ft container capacity, adjustable to 250 equivalent units. The service will be expanded as required. The company also anticipates extending the DST operation to other areas as it becomes feasible. Under special arrangements with reliway group CSX Corporation, Evergreen is utilising Chicago's Bedford Park facility where a container yard and container freight station have

been established for the ship-ping line's exclusive use. In addition to shipping lines' own rail-freight service develop-ments in the US, a company called Olympic Transportation announced earlier this year that it intended to develop commonuser double-stack container rail services, initially between Oakland and Chicago. This is designed to interest smaller lines who lack the traffic or resources to set up their own

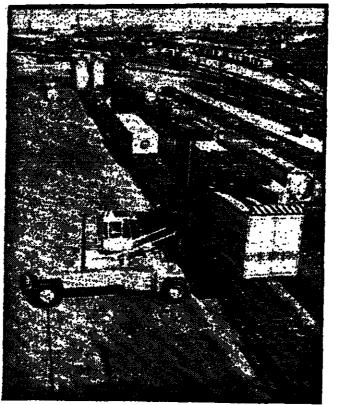
tainers is also big business in Canada, where the freighting canada, where the freighting of containers and trailers, piggy-backed on rail flatcars, is said to be the fastest-growing sector of the railway industry. In 1985, Canada's two principal rail operators, CN Rail and CP Rail, carried some 900,000 TEUS (twenty-foot expiralest rails) (twenty-foot equivalent unit containers or trailers), around 13 per cent higher than the previous year.

Container trains are operated

necting those centres with Chicago.
CN Rail operates a system which includes the use of a wheeled highway trailer. The longest is just over 44 feet, which allows the loading of two on an 89-foot fistear. CP Rail prefers to use a container box, also just over 44 feet in length but without wheels, which is lifted from a wheeled chassis on to the rail wagon, plus normal containers.

Intermodal movement of containers has taken rather longer

tainers has taken rather longer to catch on in Europe, but latest signs suggest that the concept is now making more progress. The Swiss-based comcent. Now it is reckoned that pany Intercontainer, for ex-the number of containers moved ample, which organises the in the US using double-stacking combined transport of con-



One of the latest generation of Kalmar LMV's heavy-duty, high capacity fork lift trucks handling a container at a terminal in Sweden

in sea-air services, notably between the Far East and

Europe, where freight is con-

tainerised and moved by sea over the first sector of its

journey, and then transshipped

for onward movement by air.

This offers a total transit time that is faster than an all-sea

movement but cheaper than an

all-air service. On another tack, European

airlines are increasingly using trucking services to feeder

traffic into and out of their principal air gateways, often giving the trucks the actual

British Airways has this year

taken that concept a stage further with the establishment

travel to one of BA's longhaul flights out of London is now, increasingly, being trucked into the Maastricht hub. There it is

consolidated into airfreight con-

tainers destined to connect with particular flights ex-London.

Regular trunk vehicles ferry the airfreight containers from Maastricht to London, normally Heathrow. It is planned to develop traffic in the other

direction using the same system to deliver continent-bound

traffic arriving in London on

bodies although not necessarily in the st year same container for the whole nearly journey. There has, for in 1984. example, been a lot of growth throughout Europe, last year handled 905,000 TEUs, nearly 10 per cent more than in 1984. Containers are transferred between rail wagons and truck bodies for road delivery at some 550 terminals in Europe.

In addition to transport, Intercontainer provides supporting services such as transhipment, road collection and delivery, arrangement of container provision and intermediate storage.

These are important features, because the potential weak link, both operationally and in cost terms, for any intermodal service is a point at which a container is transferred from one transport mode to another.

In the UK, one of the most obvious examples of the intermodal container concept in operation involves the Londonbased Freightliner organisation. The company uses Maastricht in the southern scheduled train services to form Netherlands. Freight traffic the basic trunking system for originating on the continent or moving UK domestic, European in Scandinavia and destined to and deep-sea shipping con-tainers between ports and major conurbations, backed up by road operations for local collections and deliveries.

An important feature of the Freightliner Europe door-to-door operation is the shipping link. At the end of last year, the company transferred that operation to the Felixstowe-Zeebrugge shortses route. It now uses two containerships operated by Comar to maintain six sailings a week in each direction carrying UK/conti-

containers which, with their slightly greater than standard width, are said to provide up to 10 per cent more capacity per container, equivalent to two

On the deepsea front,
Freightliner has an annual
£11m contract with shipping
lines OCL and ACT for the
movement of Australasian and other container traffic into and out of the port of Southampton. Regular trains connect the Southempton terminal with Barking, Birmingham, Leeds, Liverpool, Manchester and Coatbridge.

Many international airfreight operations are also now become ing multimodal, if not always truly intermodal. The freight is moved by a variety of modes,

More shippers take to the land

ping companies are mostly having a thin time. But for the cargo shippers, low rates mean that a fair chunk of their costs has disappeared.

It is generally reckoned that about a quarter of the transport cost of moving goods around the world is incurred on the sea leg. Increasingly, shipping companies have become masters of land as well as sea transport, providing a total service for the shipper. Hence the term "inter-modalism," which has become

common in the industry and means simply the moving of containers—the big steel boxes in which most general cargo is carried these days—on both vessels and rail or road. Shipping companies like Sea-Land, the US shipping company which pioneered containeris-ation 30 years ago and whose name emphasises the total door-to-door transport concept, have invested heavily in rail equip-

panies, which concentrates on the Pacific, has also been build-ing up its rail side, as well as providing a range of containers that goes beyond the usual 20- and 40-feet sizes to include both 45- and 48-feet boxes. Both of these companies have seen their earnings plummet recently as a result of the severe over-capacity in consevere over-capacity in con-tainer shipping. This has de-pressed freight rates, especially on the Pacific, which is the busiest route in the world. Most prominent among the companies which have aggres-

sively expanded their fleets in the past few years are Evergreen of Taiwan, and United States Lines. The latter is now in financial difficulty after its spending spree, and has had to ask its banks for more time to sort out its problems

has been reporting profits, though its financial inform-ation is so skimpy that many rival companies regard the figures with scepticism. Both lines provide round-the-world services, Evergreen in both directions, US Lines eastbound With shipping in such a

fiercely competitive state, and with a number of lines fighting for survival, the range of services offered has increased considerably. Since the door-to-door aspect has become so important, the ship is no longer the main part of the business.
"In the last 10 years, there's been a tremendous change in Phillip Hastings the structure of the shipping industry," says Mr Robert

no longer the emotional issue shipping and transport departit was. Now, the ship is just a ment for customers. One US link in the chain."
OT Africa, which operates between Europe and West Africa, does not own any ships.

It meets its needs through the charter market. Mr Peter Ritchie, a fellow Antrak direc-tor, says: "It used to be crucial to exporters to have a name and a line. Now, it's the service they're keen on and you can't let them down."

The group has set up Cross-trades as a subsidiary to pro-vide cargo shippers with a worldwide network of services which go far beyond the ship-ping routes that OT Africa operates on. Other lines have noved in the same direction. Thus, as Crosstrades says in its promotional blurb, it can arrange door-to-door delivery of containers "whatever five cargo might be, whether it is textiles from Taiwan to Togo, or machinery from Michigan to Monrovia

Monrovia."
Everything, including documentation, is taken care of.
Overseas Containers Ltd (OCL), the big UK company now fully owned by Peninsular and Oriental Steam Navigation. (P & O), is also developing in-creasingly sophisticated additions to its regular services OCL operates between Europe

and the Far East, but has just begun a North Atlantic service in partnership with Trans Freight Line. It has spent heavily on computers in order to make its services as flexible and varied as possible.
"We have to be prepared to

carry anybody's cargo to any-where in the world," says Mr Anthony Butterwick, managing director. "We've always been

company has expressed an interest in sending containers with OCL and then deciding on their eventual destinations while they are still at sea.

OCL is also working out a scheme with a UK importer which would use the shipping arrange delivery of goods, from number of suppliers in Hong Kong, to one central point where they would be put into a container and then sent on their way.

In the US, American President, which also makes extensive use of computers, can arrange for high-fashion clothes to be loaded on to containers fully pressed, price-tagged and on racks. They are then sent by ship and on APC's railcars, on which boxes can be stacked two-high, straight to customer in the US.

For services like these, lines can charge premium rates. And for many shippers, speed and reliability are as important as actual rate levels. shippers want rock-bottom rates. They would rather have stability.

Mr Zander McOuillan, commercial services manager at Imperial Chemical Industries and this year's chairman of the British Shippers Council, believes in allowing shipowners to operate at profitable

cheap freight rates - I have always preferred to sell my own products at profitable prices and would deny this to my sup-pliers," he said in a speech this

WITH FREIGHT rates down in Baines, a director of Antrak With their growing range of ments was directed against the the basement, and unlikely to Group, which owns the OT services, OCL and others can attuation in which British climb out for some time, ship. Africa Line. "The hardware is act virtually as a separate cargo shippers are often charged higher freight rates than their situation was highlighted in a report produced in March by the Department of Transport.

It concluded that higher rates from the UK in liner (scheduled service) shipping put UK exporters at a disadvantage. The gap in rates is caused by higher UK port charges, reflecting both lack of the heavy subsidies enjoyed on the Continent and lower efficiency, and the more competitive liner market in the rest of Europe.

UK is made a relatively expensive country from which to export — or to provide ship ping services — to deep-sea markets."

It is generally agreed within the UK freight industry that transport is too often accorded a low priority ranking in com-panies, though not at those of the size of ICI which exports about £1bn worth of goods to deep-sea markets every year.
This means that not all for the best deal. "For too long," said Mr McQuillan, "distribution and shipping have been seen as necessary evils." Mr Butterwick, of OCL, agrees, believing that distribution should be a matter for close

attention at board room level. Even so, shippers feel they are labouring under a strong disadvantage in costs. Said Mr McOuillan: "These rate discrepancies exist because individual shipping lines charge UK shippers more to ship a ton of steel, chemicals, toothpaste or detergent to Timbuctoo than they charge the European com-

Andrew Fisher



Sea-Land Voyager at the dockside in Rotterdam, the busiest port or the company's worldwide network

Cargo flights are close to new peaks

AIRLINES THROUGHOUT the world are paying much more attention to the revenue-generating possibilities of cargo than they did before the recession of the early 1980s. As a result, the air freight industry is likely to expand considerably in the years immediately ahead.

The overall volume of air cargo movement throughout the world is at a very high level. Statistics issued by the Inter-national Civil Aviation Organisation show that, having remained static at the turn of the decade at around 11m freight-tonnes carried annually (the period of the airline recession), air freight began to recover in 1982, to about 11.6m freight-tonnes. Thereafter it rose to match a new high lord of to reach a new high level of 13.3m freight-tonnes in 1984. It slipped back a little last year, to 13.2m freight-tonnes,

improvement in overall world economic activity to see it rise The fact that earlier forecasts

for the current year suggested that it should be a period of slower economic growth has created a challenge for some major airlines—not least British Airways—and the eventual outcome for 1986 could be a significant Many years ago, cargo was in western Europe.

described, perhaps euphorically, as "the sleeping giant" of the world air transport industry. It still has a considerable way to go before revenues from cargo match, let alone overtake, those from passengers; but there is now little doubt that many air-lines have recognised the long-term potential of cargo traffic as a contributor to revenues and ultimate profits, and are taking steps to maximise their returns in this field.

Cargo divisions have been established in many major world airlines where either none existed before, or where freight was relegated to the backwoods of operational thinking. Major air cargo centres are now being established at many major airports, and separate provision is frequently made for cargo facilities in the designs of new airports world- is becoming fiercer. In the UK, wide, even where freight at BAA plc, formerly the British present is only a small percent. Airports



Express parcels and urgent documents are a fast-growing sector of the air eargo business. Dutch-owned XP Express Parcel Systems operates nightly services to Europe from Luton and Birmingham due do a weakening of some countries' economies.

Even so, at around that level, the volume of air freight carage of total civil aviation handles cargo at seven airports gaining ground is the provincer, and it only needs a small activity.

Express parcels and tregal doctments are a tast-growing sector of the air cargo countries' on the air cargo business. Dutch-owned XP Express Parcel Systems operates nightly services to countries' economies.

Europe from Luton and Birmingham

At government levels, more thought is being given to easing the passage of cargo through airports. Yet it is widely accepted in the industry that much more could and should be done; not only in menous to the country of the country done; not only in many coun-tries of the developing world, but also in some of the more advanced ones that pride them-selves on the level of sophist-cation of their air transport infrastructures, including some

These improvements include These improvements include not only the provision of major new cargo centres, complete with up-to-date mechanical and electronic handling of consignments and their associated documents, but also a revision of attitudes on the part of some government customs and excise departments, although it is openly admitted in the air transport industry that the latter has a long way to go in latter has a long way to go in

some countries. Nevertheless, the overall improvement in the general climate of the air cargo business, despite the need for further advances, is already generating some major deve-

Competition among western European airports to handle the tonnages already moving and to encourage more Authority,

 Heathrow, Gatwick, Stansted,
 Prestwick, Glasgow, Edinburgh
 and Aberdeen — some time
 ago set up a London Air Cargo Promotion Group (Task Force). This group is representative both of the BAA itself and the

UK air cargo industry, and is designed to re-establish London as the principal European aircargo gateway to the rest of the world. As a result of the group's efforts, and despite fierce competition from other European cities, London over-hauled Paris in 1985-86 to take second place in the European league (after Frankfurt)— the first significant change in the air-cargo European rankings since 1981-82.

Since the Task Force began its work with its campaign in the US in 1983, the "Gateway London" message has been carried to many parts of the world, and in May this year the sales drive moved to Tokyo and Osaka.

BAA ple says that the oppor-tunities for London to recapture lost traffic, and to gain new business, remain good. "But industry-wide consultation and co-operation (through the Task Force) must be supported and strengthened if London is to regain its rightful position as premier European cargo gateway to the world," it says. One feature of European air cargo activities that has been

sion of additional surface truck-ing facilities to enable cargoes for long-distance destinations for long-distance destinations to be carried by road to the nearest airport for onward shipment. A feature of this development has been the provision this year by British Airways for example, of a new "hub" based at Maastricht, in Maland where carriage and he Holland, where cargoes can be concentrated for onward trucking to London, where they pick up the long-distance flights, and

problem, the surface segment of the journey adding compara-tively little to the overall transit time to ultimate destina-tion, while costs are kept low. On long-distance flights, the trend towards wide-bodied aircraft has increased in recent years, and this in turn has led to an increased use of con-tainers for freight of all kinds, especially of bulky loads.

The multi-modal flexibility of such containers ensures that they can be interchanged between surface and air transport more easily than hitherto—although, here also, it is stressed in the industry that much more research needs to be undertaken. be undertaken.

One problem that has assumed One problem that has assumed significant proportions is that of the security of the air freight system—not so much from the safety of the cargoes themselves while in transit, but of the possible use of air cargo as a means of sabotage, a vehicle for the carriage of explosives or other devices designed to

for the carriage of explosives or other devices designed to damage or destroy the aircraft involved.

While it is feasible, up to a point, to examine air freight for the likelihood of some sabotage content, it is impossible, at least so far, to examine everything; and other techniques have had to be devised—including deliberately delaying suspect cargoes.

Terrorism itself continues to

concentrated for onward trucking to London, where they pick up the long-distance flights, and vice versa.

A major reason for this operation is that many shorthaul European flights are now operated with smaller aircraft that do not have the capacious belly-holds of the wide-bodied be with the sir cargo side of the larger loads that often are involved in air freighting. The trucking operation solves this Terrorism itself continues to

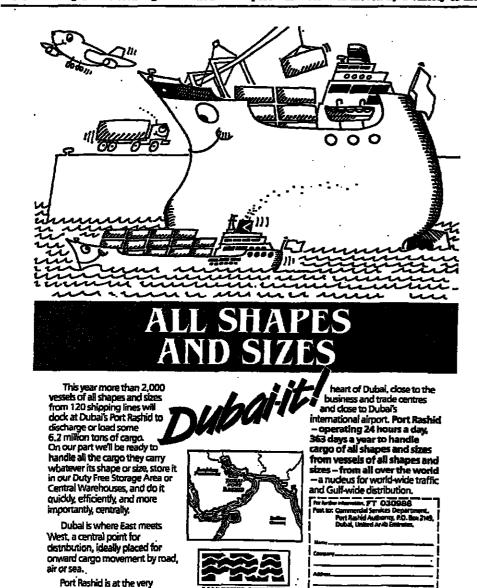
Michael Donne

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Warehousing

Contracting out and optimising the cube



A narrow-aisle truck in operation. Nine out of 10 warehouse stacking installations now use narrow-

Routes

Earnings falter on the Pacific

He added: "I think our com-

petitors are in such desperate straits that they cannot cut rates any more." OCL made record profits last year, but cer-tainly does not expect to match these in 1988.

The main problem is over-

In the African trades, ex-

On several routes, notably the

less fuel and to operate as one unit when dealing with steve and other suppliers of

be a halt in the decline.

carrying capacity.

these in 1986.

BETWEEN the vigorous export-The UK company operates a variety of services between Europe, the Middle East, the Far East and Australasia. Volumes between Europe and Asia have held up well in both directions, he added. And, while rates remain under pressure, "they have held up better than we thought six months ago."

He added: "I think our east minded economies of Asia, with their deeply ingrained work ethic, and the import-hungry North American continent lies the busiest container shipping route in the world.

The surge of exports from such countries as Japan, South Korea, Hong Kong and Taiwan has kept the Pacific on top of the container route league for several years.

"The transpacific market has more operators, more services, more vessels and significantly greater total capacity working on it than any other major deep-sea trade," said Drewry Shipping Consultants of the UK in a recent study.

some routes has been affected by non-shipping developments. The poor state of the Australian economy has hurt cargo volumes from the country, while South Africa is a highly uncertain waters. Thus, while growth in eargo volumes has been rapid, lines have not recently been able to reap the rewards in the form of rising profits. On the contrary, the pressure of competition has while South Airies is a nighty uncertain market at present. Cargoes to the Gulf have also suffered as lower oil prices and the Iran-iraq war have depressed Middle Eastern ecoput freight rates under such pressure that earnings have fallen sharply or disappeared.

Also of major importance infreight stapping—some 90 per-cent of goods are moved by sea rather than air—are the North In the African traces, experiences have been mixed.

OCL's & Butterwick said trade to East Africa was making a "modest contribution to Atlantic, where European ex-ports to America provide most of the business; and the route between Europe and the Far East, with the Middle East a currently depressed market in

found that business with West Africa has been lift by the eco-nomic problems of Nigeria, the outproducing country which dominates the regional eco-On all of these major east-west routes, the balance of com-petition has been severely upset in the past few years by the start of the round-the-world ser-On several routes, notably the Atlantic in recent months, lines have joined together to rationalise their services. Thus Atlantic Container Lines (ACL), a consortium owned by UK, Swedish, French and Dutch companies, has tenned up with Hapag-Lloyd to share container canacity. vices started by Evergreen, of Taiwan, and United States

Both invested more than \$10n in new ships and equipment, and have thus injected a huge extra dose of capacity on to the world container market. The delivery of the Evergreen and US Lines vessels, commented Drewry, "jeopardises the operations of most deep-sea liner services to some extent and threatens some with extinction."

made by the big container operators have taken on a distinctly dejected tone, even though cargoes have been ris-ing, especially on the Pacific. Not for several years do most lines expect the enlarged capa-city to be matched by volumes

On the Pacific, some lines have pulled out altogether. Both Hapag-Lloyd of West Germany and Lykes Lines of the US decided to call it a day, because of the low levels of

On the Europe Far East route, the picture is more mixed, "All in all, in the present appallingly depressed market," says Mr Anthony Butterwick, managing

The hidden nature of those costs, and the practical difficulties involved in determining possible areas for economies, made the subject a rare one on ble areas for economic the agendas of most company board meetings. However, the recession and the

subsequent increased competi-tion, in both domestic and international markets, over the past few years has forced companies of all kinds to examine every cost area with a view to saving Included in that review have been international freighting and distribution activities, areas where warehousing and areas where warehousing and storage form an important element. The answer, for more and more companies, has been to contract their general distribution operations to outside specialists. Increasingly, the same philosophy is being adopted in respect of warehousing and storage.
"I would think that now just

about everyone seriously asks the question of whether they should contract out their storage requirements or not, something which many would not even have thought about doing a few years ago," commented Alan Wilson, a director of CAPE Systems & Consulting Services and a serior consulting of CAPE Systems & Consulting
Suitability—delivering what
The whole business of wareservices and a senior consultant the customer demanded, for
with distribution consultancy
Davies & Robson.

Suitability—delivering what
the customer demanded, for
housing and distribution
basically involves making tradeoffs between storage/inventory Companies whose stock-in-

TRADITIONALLY the middle

men of the freight transport industry, forwarders are coming

under increasing pressure from a variety of sources in a fast-

The basic role of the for-

door service companies and their own customers.

In the UK, for example, where forwarders still generally lack the status and financial clout of their continental

changing market.

equivalent of production, a factor which has resulted increasingly in warehouse efficiency becoming a science in its own right. At the same time, manufacturers/exporters, im-porters and retailers still operating their own warehouses have also taken a much closer interest in that aspect of their business.

"In the past—and there are rather than full pallet or carton plenty of companies who still loads, and still maintain full do it—it was commonplace to sell your business on the volume or value of stock held. belivery. In addition to the volume or value of stock held. benefits of low stock, such low, the aim is to keep stocks to an absolute minimum whilst of store staff and ease the protection of waste disposal.

Reduction in inventory at the best of staff and ease the protection of level demands a before," said Colin Rabiohn, warehouse systems manager for warehouse systems manager for National Carriers Contract As far as service was con-

cerned, he continued, the customers was interested in a number of main features:

Cycle time—the length of time between ordering and receipt;

Completeness—availability of the whole range of products; Reliability—confidence in the service provided, particularly guaranteed delivery times;

provided with a reliable service

floor area for sales purposes.

Electronic point of sale and other computerised information flow systems have, in fact, now developed to the point where in domestic distribution, for example, some companies have been able to refine their store servicing systems to allow deliveries of small quantities usiness.

of stock to top up shelves,

"In the past—and there are rather than full pallet or carton

> that sort of level demands a high level of confidence in suppliers, and such systems will always involve establishing a balance between "just in time" and "just in case," so as to maintain the correct level of

availability.
"Clearly, a high confidence in suppliers leads one to ques-tion the need for a warehouse at all, and ask whether a tranat all, and ask whether a tran-shipment/sortation centre with ing interest in the idea of using no stock at all would suit the warehouse trucks which are operation better," said Mr specifically designed to carry no stock at all would suit the operation better," said Mr Rabiohn.

considerations and the need to

found and prepared for despatch.

Elaborating on that point Mr Wilson said various factors had to be considered when plan-ning out such activities. First, there was the question of the storage cube of the unit load involved. That meant getting the maximum number of pro-duct items into the unit load being designed, i.e. the packag-ing, container or pallet.

the next objective was to claw back as much of the warehouse space as possible for actual storage, without inhibiting the movement of goods through the building. The density of storage had to be weighed against the efficiency of movement.

right has been paramount in some of the recent trends in warehousing operations. Although computerised systems some of the innovations are far more basic.

There is, for example, increase two pallets side by side (some operators have, for years, often narrow aisle trucks. Normally, loaded pallets two-high on a standard truck, but only for higher than more conventional certain products). certain products). reach trucks, although of Again, though, a compromise needing to use a guide rail.

UNTIL RECENTLY, were trade is distribution and/or with short cycle times and high maintain high service levels. It has to be reached. Using two-housing and storage costs tended storage, not surprisingly, have availability of stock delivered in is no use having highly cost-pallet trucks increases the efficient dense storage in a efficiency of goods movement, warehouse if such a set-up but creates a need for wider importers, and even retailers, as operations wherever possible, to be held at the stores, reducing making cost savings on such minimum back-up stock needed warehouse if such a set-up but creates a need for wider causes long delays in order pick-asiles between storage racks to pass the contribution and/or with short cycle times and high maintain high service levels. It has to be reached. Using two-housing is no use having highly cost-pallet trucks increases the efficient dense storage in a efficiency of goods movement, warehouse if such a set-up but creates a need for wider causes long delays in order pick-pallet trucks increases the efficient dense storage in a efficiency of goods movement, warehouse if such a set-up but creates a need for wider causes long delays in order pick-pallet trucks increases the efficient dense storage in a efficiency of goods movement, warehouse if such a set-up but creates a need for wider causes long delays in order pick-pallet trucks increases the efficient dense storage in a efficiency of goods movement, warehouse if such a set-up but creates a need for wider causes long delays in order pick-pallet trucks increases the efficient dense storage in a efficiency of goods movement, warehouse if such a set-up but creates a need for wider causes long delays in order pick-pallet trucks increases the efficient dense storage in a efficiency of goods movement, warehouse if such a set-up but creates a need for wider causes long delays in order pick-pallet trucks increases the efficient dense storage in a efficiency of goods movement. each other. One solution to that potential problem is to instal mobile storage racking which can be opened up to allow trucks to move down the aisles.

"Mobile racking can go as high as standard racking, up to seven pallets high. The drawback is one of costs, which work out at around £70 per pallet position as against £16 for con-Having optimised the cube,

position as against £16 for conventional pallet racking, although you only need about two-thirds of the building space," said Mr Wilson.

Another development gathering momentum is the use of pallet flow storage. Such a system basically involves the installation of a roller-bed mounted on racking frames, usually on a 4 degrees slope, which automatically feeds pallets down to a vehicle loading point. It is best suited to handling fast-moving product lines. Costs are put at £100.£130 per pallet position.

Currently, probably nine out The need to get that equation

Currently, probably nine out of 10 warehouse stacking installations use narrow-aisle racking systems, where the aisles are reduced from 8 ft 6 ins to 5 ft 6 ins to create an additional 3 ft of storage space. These are

Wilson: Alan about everyone whether they contract storage requirements."

More recently, interest has been growing in a hybrid plece of equipment, an over-reach truck, which can allow greater density of storage even with an 8 ft 6 in aisle. Costing £3.500-£5,000, over-reach equipment allows a truck to do just that, reaching over one paliet to collect/deliver enother unit positioned immediately behind it on the racking.
Automation for warehousing

operations, whether for parti-cular tasks or whole systems, is now widely available; but, according to consultants involved in the distribution field, the UK still lags behind many competitor nations in that

Handling automation has taken off within manufacturing industries, where automated guided vehicles (AGVs) and robotics are now fairly common. The spin-offs for ware-housing include robotic palletising, some limited order picking require guide paths, and riderforklift trucks.

Phillip Hastings

Forwarders

Middle-men face new challenges

warder over the years has been to form the link between shipper and freight transport service companies for the inter-national movement of goods by surface and air. Allied to that has been the important function of preparing and processing

operations, although this has been more apparent on the sur-Over the past few years, however, forwarders have found these roles increasingly chal-lenged by new competitors such as the emerging door-toface side than for airfreight. At the same time, the advance of modern technology, particularly computerised systems, is making it easier for shippers to com-municate directly with carriers and process their own documenand process their own documen-

tation.
Adding to those problems, certainly for UK forwarders, has been the fragmented nature of the industry and a rather downmarket image among both its customers and the transport

counterparts, there has been a marked trend for more ex-porters to undertake their own forwarding or hand it over to A major study of the UK market, published by Containerisation International Reimage, the UK's Institute of Freight Forwarders — which claims that its members control claims that its members control
90 per cent of airfreight traffic
and 60-70 per cent of surface
freight movements in the
country—has in the past couple
of years developed a registration scheme. The stringent entry
conditions are designed to
ensure that registered members
are professionally competent. search a couple of years ago, claimed that large exporters were looking to move more for-warding work from forwarders warding work from tolerated to carriers, while medium-sized companies were tending to increase their own in-house forwarding. Only smaller firms, said the study, which were un-likely to have a shipping depart-ment, could be expected to prove a stable market for forare professionally competent, ethical and have a degree of financial credibility. Writing in a recent issue of the Institute's monthly journal

Mr Bengt Roch, president of ACL, said the aim was to rationalise schedules, and thus combat over-capacity, to burn trends include the generally greater ease of exporting, with the now widespread use of contransportation which

"It is only by increasing market-share that the key bargaining role of the forwarder can be utilised to the full, and the benefits felt by the smaller

market which divided into three broad categories.

First were the large-volume

FCL (full container load) ship-pers, which tended to deal directly with the carriers. The potential for forwarders was generally limited to geograph-ical areas, such as central Africa, where the shipper might make use of a forwarder's specialist expertise.

Second were the small-to-medium volume FCL shippers. That was a market where forwarders and carriers competed warners and carriers competed directly for the shipper's busi-ness. The success, or otherwise, of the forwarder depended largely on his ability to buy cargo space from the carriers Freight Forwarding, prominent IFF council member Jim White claimed that the entrepreneurial spirit of the forwarding industry was alive and well. But work,

They formed a natural market for forwarders, because they did not have the traffic volume and negotiating clout to get the best freight rates from the car-

growth in forwarder NVOC (non vessel owning or operat-ing carrier) services. Here the

forwarder, in effect, acts as the transport principal, punting to-gether a package of transport links which are then sold under the company's own product for some of the larger inter-name. A typical example might be the Europe-South America market, where the forwarder services. Forwarders, like the uses capacity on one shipping line between Europe and the United States, and then arranges transhipment in the US for onward movement, via

another line, to the relevant South American country. Other forwarders are looking to develop more of a general abig distribution role. Earlier this US,

allows goods to be packed in one box and moved all the way to the final consignee.

Carriers have, in many cases, broadened the scope of their services to include forwarding of their export sorvices to include forwarding to achieve operations, although this has the more apparent on the sure.

The third category of shippers were those with LCL (less than container load) shipments. They formed a natural market to consider the said, remained to be done to and offer the shipper a satisfactory freight rate while still based forwarding organisation. Dameo International expanded operations at its East London warehouse terminal to offer the shipper a satisfactory freight rate while still based forwarding organisation. Dameo International expanded operations at its East London warehouse terminal to offer the shipper a satisfactory freight rate while still based forwarding organisation. Dameo International expanded operations, at its East London warehouse terminal to offer the shipper a satisfactory freight rate while still based forwarding organisation. Dameo International expanded operations, at its East London warehouse terminal to offer the shipper a satisfactory freight rate while still maintaining a margin for his own company.

The third category of shippers were those with LCL (less than container load) shipments.

"This means simply that our clients need only use one organisation to handle products

coming increasingly important,
More and more people are coming to the conclusion that it is
too expensive to operate their
own warehousing and distribution, and are looking for someone to do it for them." Another area of development for some of the larger inter-

carriers, have to a large extent been caught flat-footed by the rapid growth of door-to-door operations run by a new genera-tion of transport companies as TNT, Federal Express and DHL

One or two forwarders, not-ably Emery Worldwide of the US, quickly latched on to the

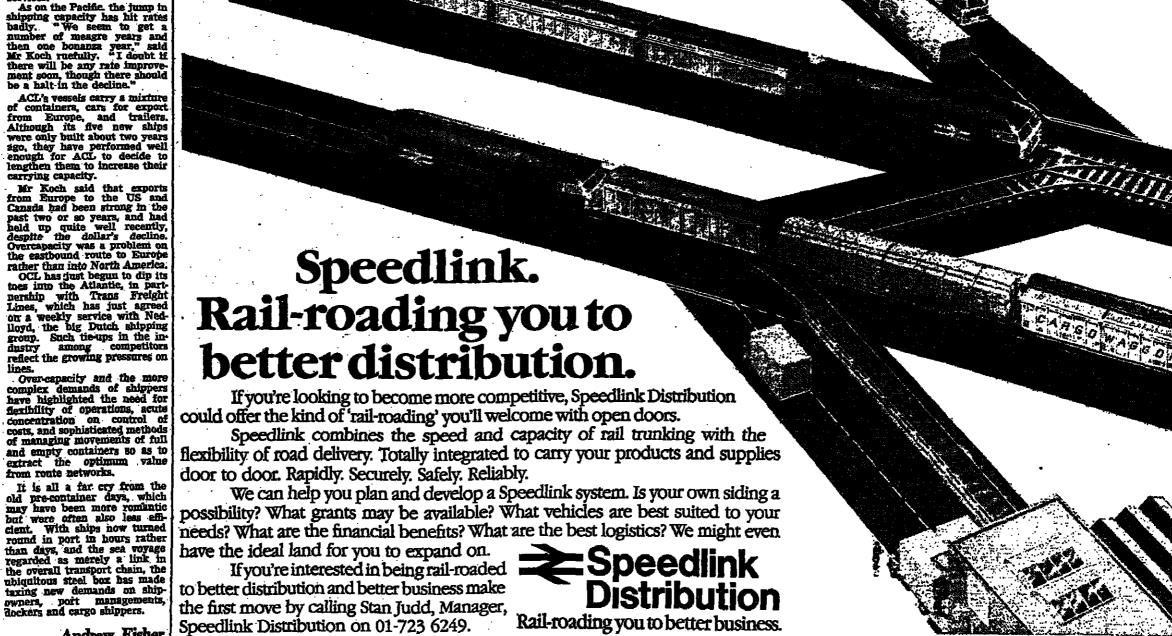
new concept and have kept pace with their innovative com-petitors. But it is really only in the last year or so that more forwarders have begun to fight

back.
"It is, perhaps, interesting to note that a number of the courier companies, for example DHL and TNT, are becoming forwarders, in the sense that they are getting into the hard cargo market. But forwarders are generally being slow to get are generally being slow to go the other way," commented Geoff Bridges, general manager (cargo) for British Airways, which is currently involved in which is currently involved in setting up a number of joint venture operations in the express / door-to-door freight

the benefits felt by the smaller shipper who has neither the time nor the expertise to achieve these for himself," said Mr White, who was commenting in the context of a government report on liner shipping and freight rates. The largest percentage of general cargo of interest to freight forwarders, he continued, moved in containers, a market which divided into three a forwarding company, but we see stockholding activities becoming increasingly important size of freight at an all-inclusive rate. The latter is expanding the scope of its BAXI (Burling-ton Air Express International) express packages division to cater for the movement of larger shipments between markets in Europe, the US and Far East.

To meet another growing challenge to their traditional business—the spread of com-puterised systems, which make it easier for shippers to under-take their own documentation work—leading forwarders are investing heavily in sophisticated document-processing and cargo-tracking operations.

Phillip Hastings



Both invested more than \$1bn

As a result, the noises being

In the first half of this decade, the container shapping fleet grew at around 13 per cent a year, outpacing the rise cent a year, outpacing the fiss in traffic Drewry reckoned that over-tonnaging was now some 30 per cent worldwide. Gloomily, it said: "The volume of general cargo carried by sea is unlikely to improve much in the next two to three years. Nor is the comparatively young feet likely to be reduced significantly by scrapping."

ficantly by scrapping." What worries many operators in the industry is the fact that, if some times do go under financially, their ships will still be there to be snapped up by somebody else, and actual capa-city will thus not be reduced

dustry among competitors reflect the growing pressures on Over-capacity and the more complex demands of shippers have highlighted the need for devibility of operations, acute concentration on control of costs, and sophisticated methods freight rates. On the Atlantic, where conditions had settled down after rough competitive times in the early 1980s, lines are again finding the going of managing movements of full and empty containers so as to extract the optimum value from route networks.

Sea-Land of the US, for instance, which has services on both oceans, recently reported a first-half loss, though cargo volumes had moved ahead by nearly 8 per cent. So, too, did American President Companies on its Pacific services. It is all a far cry from the old pre-container days, which may have been more romantic but were often also less effibut were often also less em-cient. With ships now turned round in port in hours rather than days, and the sea voyage regarded as merely a link in the overall transport chain, the ubiquitous steel box has made taxing new demands on ship-rements. Doi't managements.

director of Overseas Containers Ltd (OCL), "we are keeping our head and shoulders above

owners, port manageme dockers and cargo shippers. Andrew Fisher LITTLE MORE than seven years ago Richard Gabriel was a motorcycle messenger, wending his way around the grime and fumes of central London. Next month he will become a multimillionaire when his company, Interlink, goes public on the Unlisted Securities Market,

Interlink is now one of the largest overnight parcel delivery services in Britain. It operates through a network of more than 100 regional depots and handles up to 10,000 parcels a night at its Midlands sorting centre. The company has been in existence for just five years, but should be capitalised at more than £25m when it joins the USM.

The parcel delivery sector is intensely competitive, with too many competitors exerting extreme pressure on prices as they tussle for market share. Many of the established con-tenders have watched their profits shrink in recent years, yet Interlink has achieved its growth by the textbook tactics of spotting a gap in the market and working out the most cost effective way of filling it.

effective way of filling it.

"The market has been tough, very tough for the last three or four years," says Richard Hannah, transport analyst at stockbrokers Phillips and Drew. "There are just too many companies chasing too little business. Prices have plummeted and the established operators like National Freight and TDG have found it very difficult to compete.

compete.

'In many ways life has been much easier for the new entrants, like TNT and Interlink, which have started from scratch and tailored their operations to suit a competitive mar-ketplace. The established companies have had to cut costs and adapt their operations to cope with the changes that have

Perhaps perversely Interlink has succeded because, rather than in spite, of the problems in the parcel delivery industry. "When I first considered moving into the market it was clear that it was overcrowded, but equally clear that none of the established companies were doing their jobs properly," says

Gaoriei.
"My first priority was to identify the weaknesses of the existing operations; my second to work out what customers would really want; and my third to find a way of providing that

The weaknesses of the exist-ing services, as Gabriel saw them, ranged from high overheads, because of the cost of maintaining a national net-work, and poor cost control, in that lorries would set off in one direction loaded with parcels



From motorbike to UK parcels network

Alice Rawsthorn explains Interlink's route into a cutthroat market

loyalty. If you are not cost com-petitive or if a parcel goes astray no one will give you a second chance—they will turn straight to one of your competi-

Gabriel's main problem was that for Interlink to succeed he

that for Interlink to succeed he needed to establish a national network from the very beginning. Given that he had very little capital—since giving up his job as a motorcycle messenger he had run a small databag collection service—the cost of setting up a national network was prohibitively high.

Franchising was the solution. The Interlink system works through a network of depots operated by franchisees who collect and deliver parcels in their region, drum up local contracts, and generally receive a 20 per cent share of each transaction. Franchisees are sought by advertising in local newspapers and their own profitability depends essentially on their operational efficiency and the amount of business they handle.

direction loaded with parties only to return empty, to inexplicably complicated tariff each from their region in vans and take them to their depots. "What customers really want An Interlink lorry, based in from an overnight delivery ser-the region, arrives in the even-

vice is low cost and efficiency," ing to pick up the parcels and he says. "The market is so cut-ferry them to the national throat that if you do not deliver cheaply and on time you are finished. There is no customer sorted overnight and taken to ing to pick up the parcels and the regional depots closest to their destinations in the early morning. Thus the Interlink lorries travel to the centre from the depot with one load of parcels and return to the depots with another. The depot managers then deliver the

parcels, by van, by noon,
Each stage of the process is
monitored by the Interlink
central computer, which is linked to terminals at the regional depots and stores in-

bar coding two months ago was Gabriel has been keen the final stage. Now we can ex-to keep lines of communication

efficient service and to find local orders. And the franchise system keeps costs to a minimum." As Interlink has grown larger—the company now employs 200 people directly and 250 as franchisees—it has inevitably become more difficult to exert con-trol over every aspect of the operation and to ensure uniform standards of service.

The inherent incentives of a commission system of payment for franchisees help to overcome this problem. The concept of generating incentives for employees will be extended after the fictation when both after the flotation when both employees and franchisees will regional depots and stores information on each parcel be given preferential rights to
through bar coding.

"Because we set up from received permission from the
scratch we have been able to
develop our computer system
as the service has grown," says
Gabriel. "The introduction of
the received permission from the
Stock Exchange to include its
franchisees within this, and is
the first company to do so.

While the network has grown

pect 99.8 per cent efficiency." as short and the structure as short and the structure as short and the structure as imple as possible. All strategic invoicing, debt collection, decisions are taken centrally by national marketing and training a small senior management team is handled from Interlink's and Gabriel is still actively inheadquarters in Bristol. "This volved in every aspect of the

headquarters in Bristol. "This volved in every aspect of the business free to business. With the combination of new delivery," says Gabriel. "By technology and a low cost base paying them commission, rather interlink has almost achieved than salary, we have given its aim of being the cheapest them a stake in the success of and fastest overnight parcels the business. This gives them a service. In a recent survey by an incentive to provide a really the magazine Commercial think of."

Motor it was judged to be the third fastest service and the

"It is companies like Inter-link which have forced down prices in the market by undercutting the established com-panies," says Ken McCall, general manager of TNT's ex-press parcels service. "Interlink has simply made a very competi-tive situation even worse."

Although its start-up costs were relatively low Interlink operated at a loss — offset by yments for depot franchises for its first two years. Indeed the early days of the company were far from unproblematic. In autumn 1982 a fire swept through the Bristol head office destroying computer equipment and accounting records. One icy winter diesel froze, making deliveries almost impossible.
(One lorry was trapped in a snowdrift. Luckily the driver, who had been trained as a commando, managed to make snow shoes from the twigs of a nearby tree and made his way to the nearest telephone.)

In late 1983 Interlink finally broke into profit. In the 1983-84 financial year it produced pre-tax profits of £114,000 on turn-over of £4.5m; in 1984-85 £900,000 on £7.8m; and in 1985-86 it expects to produce £2.5m on £13m or £14m.

Interlink estimates its own share of the overnight parcels market at 5 per cent and the market leader, TNT's at 25 per cent. TNT is also a relative new-comer to the parcels market, but had the financial weight of its Australian holding company Thomas Nationwide Transport-in which Rupert Murdoch, who heads News International, has a stake-behind it.

Over the years Interlink has received a series of takeover approaches, generally from competitor companies, but Gabriel has opted to remain independent. The company will join the USM in early October, the issue being handled by stockbrokers, Laurence Prust. The flotation will raise between £5m and £6m, some £2m of which will be ploughed back into the business to purchase a new headquarters in Bristol. The rest will go to the Gabriel family which owns 94 per cent of the shares.

After the flotation Interlink will turn its attention overseas.
Gabriel envisages replicating the operation firstly in individual European countries—the board is now considering proposals for a service in the Irish Republic—and eventually on a pan-continental basis,

Cockerill Sambre

Back from the dead

Paul Cheeseright describes the Belgian steel group's halting revival

COCKERILL Sambre "clinically dead" by the Autumn of 1983. The corpse that was the state-owned Belgian steel group was being tossed around as a political

The man who could have

signed the death certificate but instead gave it the kiss of life was Jean Gandois. But, he says in a memoir of two years confrontation and muraing of an industrial dinosaur, "it is still fragile and suffering." That is pretty well right. Gandois handed his successor a new structure and a balance sheet which was less dirty than it had been. But there were

losses in 1985 of BFr 60n (£140m) and there will be losses this year of around BFr 45bn. Gandois is not a company doctor in the strict sense of the

word. He is a former steelman who joined Rhone-Poulenc, the French chemical group from which he resigned as presi-dent in 1982. He then, as an independent consultant, devised a restructuring plan for Arbed, the Luxembourg steel producer and the Belgian government aproached him to do the same for Cockerill Sambre.

He has now been named as the next chairman of Pechiney, the French steel group, in the recent nominations of chairman

recent nominations of chairman of those state companies shortly to be privatised.

He was not the first consultant who had been through Cockerill Sambre. The ideas of McKinsey and Nippon Steel had been gathering dust on the shelves, and the subsidies had been disappearing into the been disappearing into the furnaces with frightening furnaces speed. What Gandois found was a

mess. He described Cockerili Sambre as one of the worst steel companies in Europe. It was the result of 15 years of mergers, most of them undi-gested. It had over-estimated its likely share of the market; it was badly managed.

The group was based in the two steel basins of Liege and Charletol—the executives of one did not cooperate with the executives of the other; they even had different accounting methods. The unions of the two basins translations. basins were rivals. Even inside each basin, the plants were independent. Cockerill Sambre was just a name above a mosaic

would be subject to pressure. For five months, he enquired, interviewed, examined, then produced his plan. It carried a BFrs 1000n price tag, involved plant closures, new investment and a one-third cut in the

First, the politicians had to accept the plan. Cockerill Sambre was seen by the Flemish of the north as wasteful and hopeless—certainly not worth any more of their money. For not bring in new blood from outthe Walloons of the south the group was a totem of industrial might, however atrophied. Gandois was helped in finding

his way through that thicket by his calculation that the cost of shutting the group down was as great as keeping it open. But keeping it open involved, in characteristic Belgian fashion, balancing off a subsidy to the south by giving something to the north. That took time to negotiate. But the government had a political agreement by the

Starved

Clearly this helped to give an impetus to Gandois inside Cockerill Sambre. There, he had immediate problems of com-munication. There were many executives who simply could not understand that it was necessary to cut production, who believed that the only thing wrong was that the group had been starved of fresh investment. The view of Gandois was that nobody had a right to anything—they had to

But his immediate efforts to raise productivity soon stalled. He found that although the politicians had an agreement, this did not mean that he himself, as the government representa-tive to put his plan into operation, had the facilities to do the job. That meant legislation and it took nearly a year to get it into place. So his figures began to look outdated. He calculated the delay as putting another BFrs 5bn on the cost of his

The trouble was that every-thing was interlinked. Some plant closures depended on the nature of production-sharing agreements he wanted to negoti-ate with the unions. But they

At the start of 1983, Gandois did not want to negotiate with moved in. He had to bring a him until he could say where secretary from outside, because the plant closures would be, somebody appointed from inside of the group could not take place until it was clear what was being restructured industrially. By the end of 1984 all this had been sorted out. Gandois could therefore get on with actually creating a group. The plant closures went ahead—that not bring in new blood from out-side because nobody wanted to

One of his first steps was to create an executive committee, partly in order to overcome the divisions between the Liege and Charleroi hasins. It started as an unwieldy 15 men. It was the first step to inducing a co-operative spirit, to overcoming the reluctance of some executives to talk to others because they felt superior to their collesgues.

Middle management was restive and put in a demand for shorter working hours. They were bought off with luncheon vouchers, which prompted the unions also to put in claims for more money, and exacerbated the problems of pay differentials between Liege and Charleron Charleroi.

Gandois' great complaint was the mediocrity of the whole business. So, rather like Sir Michael Edwardes at BL (now the Rover Group), he shook the management out. He does not put it as crudely as that in his book, but those who looked as if they could perform were given their head, and the management structure was changed agement structure was changed from a plant base to a product base, Significantly, in the Belgian context, he moved the headquarters out of range of the regional rivalries in the group by plonking it down in

He quotes a senior Flemish politician who told him he was, like all Frenchmen, too demand like all Frenchmen, too demanding. "The sinking of Cockerill Sambre will be avoided, and you will have contributed to that," he was told. "But the business will never be absolutely lost and it will never be absolutely saved."

*Mission Acier, Mon Arenture Belge, by Jean Gandois. Editions Duculot, Paris — Gem-blux, 1986. BF+ 495.

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Company Notices

European Coal and Steel Community

64% 20-Year Bonds of 1967 Due October 1, 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Paying Agency Agreement dated as of October 1, 1967 by and between the European Coel and Steel Community and The Chase Manhattan Bank (National Association), as American Paying Agent, and the European Paying Agents, 51,350,000 in principal amount of the above Bonds will be redeemed and prepaid on October 1, 1986 at the principal amount thereof logether with interest accused to the redeemption date. The serial numbers of the coupon Bonds to be redeemed are set forth below in groups from one reclusive, except such as shall have been previously called for redemotion or otherwise retired:

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rits of the registered Bonds to be rec F2......54,000

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Interest on the above Bonds for portions thereof) shall cease to accrue on the redemption date and not the date the redemption price will become due and payable on each of such Bonds (or portions thereof) called for redemption.

Payment of coupon Bonds to be redeemed will be made upon presentation and surrender thereof, together with all coupons, if any, maturing subsequent to the redemption date, at the Chase Manheton Bank, N.A., Corporate Shriding Fund Operations, Box 2020, 1 New York Plazza, 14th Floor, New York, New York 10081 or, at the option of the holder, at Bancs Commerciale fasience S.p.A., Sede of Mitson, 6 Piazza delia Scale, Mitson, testy, S. G. Warburg & Co. Ltd., 1 Firsbury Avenue, London ECEM 27A, England; Banque Internetionale à Lucambourg S.A., 2 Boulevard Royal, Lucambourg, Grand Ducthy of Lucambourg, Generale Bank, S.A., Montagne du Parc 3B, Brussels, Beiglum; or Societe Generale, 29 Boulevard Haussman, 75008 Parls, France, the European Paying Agents.

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Reg. No. 01/00845/06 FINANCIAL
The audited res
1985 are as follows: 30 June 1966 30 June 1985 INCOME STATEMENTS R000's 3 316 Profit before tax 1,742 763 2 646 1 236 979 Net Profit Outside sha 1 610 7 holders stare of loss in subsidiary Profit attributable to ordinary stareholders before extraordinary item
Extraordinary item 1 611 1 617 816 166 1 511 1 945 982 1 285 3 556 442 2 267 322 Retained Income R3 114 R1 945 Earnints per store (costs)

Dividends per store (costs)

Dividend cover (times)

DECLARATION OF FINAL DIVIDEND Dividend cover (times)

DECLARATION OF FINAL DIVIDEND

NOTICE IS HEREBY GIVEN that Dividend No. 25 (Final) of 13 cents per
share (1985—9 cents for the year ended 30 June, 1986, has been declared
gavable to holders of ordinary shares religiously in the books of the company at
the close of business on 19 September, 1988, and to persons predenting Coupen

No. 30 persons predenting the postate from the Johannesburg and London
offices on or should sent with synthesis received and acceptable by the company
of or before 19 September, 1986, to members at their resistence activesses
of or their 19 September, 1986, to members are considered and acceptable by the company
Non-resident shareholders' tax at the rate of 1876 will be deducted from
dividends payable to mamphers whose addresses in the register of members are
certified South Artica.

September 19 September, 1986 of the company.

Alternations applicable to this dividend can be inspected at the
Johannesburg and London offices of the company.

The diviserd on shress of the Company.

ENCASIMENT OF COUPON No. 185

ENCASIMENT OF COUPON No. 185

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Bare Warrants to Bearer will be payable on or after 10 October 1856 to the serious presenting Coupon No. 185

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Registered Officer 25 Wellington Road PARKTOWN, 2193

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August 27, 1986 to November 27, 1986, the rate of interest has been fixed at 6,0275 % P.A. The interest due on November 28, 1986 against

coupon or 3 will be

\$ US 155,71 and has been

computed on the actual number of days elapsed (93) divided by 360. THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANOUE 15, Avenue Emile Reuter

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NOTIFICATION FROM THE MUNICIPAL COUNCIL OF THE GRAND CITY ISTANBUL

Four and five star hotels and trade centres to be constructed by Build-Manage-Transfer system, on the altes, of which parts, blocks, parcels and locations stated below, by the Municipal Council of the Metropolitza Letanhui:

1—A trade centre and a five-star-botal on the blocks No. 419-1905, part No. 131 of the quarter Fulya/Siali, where I.E.T.T. Bus Garage exists today. 2—A four-star hotel on the land, of which part No. 200, block No. 852, parcel No. 9 of the quarter inelect/Fatih, where Cukurcarsi exists today.

3—A five-star hotel on the land, of which part No. 95, block No. 808, parcel No. 1 of the location Taksim/Bayoglu, where T.E.D. exists today. A four-term hotel shows the existing car park consisting of several floors, of which part No. 49, blocks No. E.623-Y-2519, parcel Nos. 2, 5, 6, 9, 10, 11, 21, 22, 28 of the location Talimhane/Taksim, the old Syzantium waste area.

Those who wish to perticipate in suctions have to fulfil the following requin (a) The proposals should cover the investment amount in TL. (Turkish Liras) against U.S. Dollars regarding the necessary squipment and materials for building and management of hotel and trade centres. (b) the necessary time for construction:

(c) time in years they wish to menage the complex, starting the date the building has been completed and the complex has been put into astroom. (d) The percentage of profit out of the gross earnings they will pay to the Municipality, which will be calculated after the value added tax (VAT) and service fees have been deducted;

(f) Applicants to obtain each specification prepared on this subject from the Chairmanship of Project Office, Directorate of Investment Planning (Projeter Dairs Baskanligh Yathrim Plannams Muduriugu) in return for 50,000 Turkish Linas and the proposals must be submitted to the Directorate of Investment Planning before Monday, 22 September, 1986.

Legal Notices

1988 S No 30105
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
BIRMMINGHAM DISTRICT REGISTRY
IN THE MATTER OF SCANRO
HOLDINGS PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that the
Order of the High Court of Justice
(Chancery Division) desed the 30th
June 1986 confirming the reduction of
the ceptest of the above-named compeny from £1,67,000,00 to £68,000,00
and the column apported by the Court
aboveing with respect to the capital
of the company as eltered the several
perficulars required by the abovementioned Act were registrated by the
fiegletar of Companies on the 23rd
July 1988.

Deted this 3rd day of September 1988
Signed Biekemores
Princes House

Measrs Blekemorss
Princes House
48 Temple Street
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Sdilicitors for the above-named

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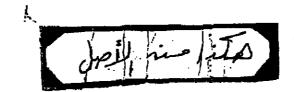
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Television/Christopher Dunkley

Back to the old green sofa...

To have to return from the sun and sweet sunshine of Sardinia to the freezing rain and granite greengages of England is bad enough, but friends are intent upon making it worse. "Hope you had a good time." they say, "you uidn't miss anything. There's nothing on television." Sure enough, the first night back at work on the old green sofa seemed to bear out their gloomy analysis. My main television set is one of those that reveri to BBC 1 when you switch it off, so when I switched it on again a week last Saturday it was RRC 1 that reme unit sunshing of the sunshing of the switch it off, it may be a while before WGBH green the last one. On Wednesday came the last a week last Saturday it was BBC 1 that came up.

BBC 1 that came up.

"I crossed a crocodile with
a parror and it bit a man's
ieg off and said 'Who's a
naughty boy then?' declared
a man whose face looked
vaguely familiar. Was he not
one of the regulars from The Comedians, the series screened by Granada 15 years ago? And was that joke not one of the was that love not one of the first ones told in the 1971 season? Perhaps BBC 1 was hoping to appeal to the teen-agers whom we had seen earlier in the day of the Dover ferry, smothering their chips in vinegar and salad cream. They were probably not here when were probably not born when The Comedians was running and might regard such gags as the very height of wit and originality.

On August Bank Holiday Monday I watched Channel 4's American documentary Will There Always Be An England? and very depressing it was. Winchester's well-heeled middle windlester's well-neeled middle class citizenry was contrasted with Liverpool's working—and more often not-working—classes. The boys of Winchester College with their expectations of jobs in banking and law and (somewhat astonishingly most popular of all) journalism were compared with unemployed, unmarried teenage mothers in

On Wednesday came the last episode in BBC 2's series about

On Wednesday came the last episode in BBC 2's series about South America, Sweet Of The San, Tears Of The Moon in which Jack Pizzey dwelled upon the stark differences between the teenage street arabs of Colombia, searching the local rubbish tip for scraps, and the immensely rich local land owners. Obviously the fact that you can find such inequalities anywhere in the world does not reduce the problem, nor does it relieve the suffering of the have nots. Television can hardly be blamed for perpetually highlighting unfairness and deprivation: just as air crashes and not safe landings make news, so hardship is more worthy of our attention than comfort.

The fact remains that when you return from a holiday without television to a nightly diet you return from a holiday with-out television to a nightly diet of the woes of the world, the effect can be deeply dispiriting. Yes, you think, as you watch yet another graphically illus-trated example of the over-fed living alongside the starving, it is indeed utterly dreadful. But while television may be able to Yes, you think, as you watch yet another graphically illustrated example of the over-fed living alongside the starving, it is indeed utterly dreadful. But while television may be able to create a society more aware than ever before of the unfairness of the world, it seems as powerless as any other body to do anything about it, and that antumn season, and the revived inability is as distressing as inability is as distressing as the original woes. But what about those claims that there is "nothing on tele-



Three Sovereigns

prospect of four new channels broadcasting direct from satel-lite to home, output is clearly

Soon, as the autumn season gets properly under way, that may change. BBC 2 is mounting Sophocles' Theban plays—Oedipus The Ring, Oedipus At Colonus and Antigone—on three successive nights. BBC 1 is promising The Singing Detective, the first new serial from Dennis Potter since Pennies of greater popularity of The Crucible. Arthur Miller's promise of greater popularity promise of greater popularity than either of those, ITV is offering an 11-part serial created by John Mortimer.

Echoing that American documentary, Mortimer writes:
"What on earth happened to
the brave new world we were
offered after the Second World
War? How have we lived
through such a baptism of fire,
only to return to the original
sins, the unemployment and
inequalities of the thirties? If the question provided no answer, at least it gave me a title: Paradise Postponed."

grammes. No doubt that is why I began to look away from the news, current affairs and documentaries programmes so soon after reoccupying the old green sofa, looking instead for drama

The first I found was Three Sovereigns For Sarah on Chan-nel 4, a documentary-drama in nel 4, a documentary-drama in three one-hour episodes, re-talling the story of the witches of Salem using court testimony and historical evidence, concentrating on the three sisters Sarah Cloyce, Rebecca Nurse, and Mary Easty. The story is a fairly familiar one by now, but two factors made this a rather special version. First the script went back repeatedly to claims that denouncements for witchcraft were motivated by feuds over property boundaries as well as the disagreement in the Salem community over the appointment of a minister. And second, Vanessa Redgrave turned in yet another performance which, successive the disagreement in the Salem community over the appointment of a minister. And second, values of the Sardinian successive the disagreement in the Salem community over the appointment of a minister. And second, values of the Sardinian successive the disagreement in the Salem community over the appointment of a minister. And second, values of the Sardinian successive the disagreement in the Salem community over the appointment of a minister. And second, values of the Sardinian successive the disagreement of the same to the troubles of the Sardinian successive the disagreement of the same to the troubles of the same to the troubles of the same to the compared with unemployed, unmarried teenage mothers in Liverpool. It was a striking illustration of the survival of the have-nots 40 years after the beginning of the welfare state.

Of course precisely similar programmes could be made about virtually any human society, anywhere in the world, at any time in history. If instead of taking a jolly foreign

best play not only incorporates all the arguments of the tele-vision version but having been written during the McCarthy era, speaks also of the eternal

era, speaks also of the eternal triangle formed by fear, public hysteria and victious persecution which exists as much today as in 17th century New England. The second drama series I came across was The Monocled Mutineer, an account of the life of Percy Toplis, leader of a mutiny in World War I, written by Alan Bleasdale and directed by Jim O'Brien. The Radio Times says Toplis was "a dash-A single succes d'estime can put an end to the claims that and fiction programmes seem to be a more bearable way of hearing about man's inhumanity to man than fact programmes. No doubt that is why and credits him with "considerable charm." Some television critics seem only too happy with this PR line, calling Toplis "an appealingly roguish figure," "incorrigible" and "one of those rascals."

Yet the series itself seems to have quite a different message.
It appears that Toplis stole shamelessly from his own family, and far from being a "rascal" who was radicalised by conditions in the tranches and labelled a criminal only

Tokyo Ballet/Covent Garden

Clement Crisp

There is a two page pro- ing scene takes place in gramme note which details the story of the nine acts of Manrice Béjart's The Kabuki with which the Tokyo Ballet opened a week's season at Covent Garden on Monday. The audience may read it, if they so wish, though my own suspicion is that selections from the Zagreb telephone directory would be as much use in help-ing anyone understand the inscrutable activities that occur

Béjart's attempt to give some balletic identity to the con-volutions of one of the most celebrated Kabuki dramas, The 47 Ronin, is a work of the most exquisite tedium, with 17 listed characters, and a plot which makes a Victorian novel seem like a haiku for simplicity. My own amazement at the incompanion chilities of the action own amazement at the incomprehensibility of the action is deepened by the fact that I have never found any trouble in following Kabuki drama in the theatre, but the convolutions of The Kabuki defeat rational analysis, and the only recourse is to sit back and watch a succession of costumes (very handema by Nuro (very handsome, by Nuno Corte-Real), while an eclectic score by Toshiro Mayuzumi rages away, and a bizarre parade of incidents wend their errant path over the stage.

Béjartian procedure, of course, further muddles the matter by introducing a timewarp element, so that the open-

modern Tokyo, where we first meet Eric Vu-An as the hero of the evening, and watch him (and, I think, another young couple) gradually assuming the roles of the Kabuki characters. At one moment, quite early on, Vu-An, a magnificent dancer from the Paris Opera, sits on a rock and holds his head in his hand in a state of, I assume, bemusament.

He had my sympathies, as he did throughout the performance, for the piece is a prodigal waste of his gifts. Without him, though, the ballet would be even more intolerable, for he brings a luscious technical and emotional presence to the choreographic predictabilities he is given, and provides what meagre justification there is for sitting through the labyrinthine nonsense of the staging.

It is hard to judge anything He had my sympathies, as he

It is hard to judge anything of the qualities of the Tokyo artists amid the poses and faint steppings of what passes for choreography. Bejart's sense of drama comes to the rescue of the final moments of the piece, when the entire cost of sensors when the entire cast of samura when the entire cast of samural commit ritual suicide. But any-one who has seen Kabuki will know that in that ancient and ritualistic theatre, visual beauty and dramatic passion are to be savoured throughout the even-ing. With Béjart's Kabuki they are incidentals to a farrago of posturing and narrative ob-



Eric Vu-An

London Contemporary Dance Theatre/Rimini

Freda Pitt

To accept a commission on a day society. It so happens that geon " is separated from the specific theme for a large gather- Italians are not yet video addicts aggression-bent dancers by a ing in a foreign country takes courage, but it also tends to clip the wings of creation. As a result, I doubt whether Robert son screen as do the English, Cohan's Video-Life (which respents a kind of video-death) does not mean that the possible effects of continually seing viowill go down as one of his best works. However, it was greeted by thunderous applause after its first performance by London Contemporary Dance Theatre on August 27 in the auditorium that is part of the impense structure is part of the immense structure

is part of the immense structure taken over at Rimini for a week every year by the "Meeting per l'amicizia frail popoli" (for friendship among peoples).

This is run primarily by and for the members of a Catholic youth organisation that is particularly active and influential in the universitles. This year's topic was "Tamburi-Bit-Messaggi," that is communication in its various forms, so apart from the exhibitions, talks and debates, that had also to be the subject of the new dance work.

and do not as a whole spend as much time glued to the televieffects of continually seing vio-lent acts on the home screen is not a much-discussed problem in Italy also. Understandably enough, Cohan has nothing especially new to say on the matter, but so far as I am aware it had not previously been treated in dance terms.

show a constant succession of scenes of war and violence, the violence being reflected in the brutal actions and movements of the anonymous-looking dancers (mostly in couples) at dancers (mostly in couples) at the front of the stage. They all wear dark glasses, as does the surgeon-like figure towards the back who seems to be directing operations. Like Barry Guy, the composer, whose double-bass is backed by electronic

Television screens placed high at both sides of the stage

series of white pipe-like sticks, which are later transformed into a barrier (of incomprehen-

A good example of manipulation in strictly dence terms is provided by the television pic-ture of a limited section of the stage, without Norberto Chiesa's scenery and only two or three dencers. This should have re-minded the audience that a televised performance is at best a crude approximation of the Patrick Harding-Irmer took

ratrick Harding-irmer took the role of the mysterious re-deemer-like robed figure who, followed by the others, removes his dark glasses towards the

The company was seen to greater advantage in the open-ing Stabat Mater and in the joyous closing Class, which gave the dancers the chance to express their individuality. Video-Life will have its British première in January

The Maintenance Man/Comedy

B. A. Young

it. The shelves are for his wife, cal problems. Christine, with whom, and their The transfe nouse where the sitting room is so rich in planks that it looks as though it might have been built by himself. Their re-lationship seems reasonably orthodox, though she keeps ask-ing him to get cleared up ause she has people coming

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to dinner. At the end of this scene, Bob addresses the audience directly, explaining that he is about to show us a flashback. In retroshow us a nashoack. In retro-spect, we encounter another lady, Diana, with a car and a daughter, and Bob is doing odd jobs for her. There is a home-built shelf just like the other, and there is a broken-down car that has to be repaired and

brought home. From here on, both Christine and Diane are equally involved, for what this retrospect is show-ing us is Bob's falling out of love with the one and falling in love with the other. How any woman could put up with Bob (apart from the odd jobs) for more than 10 minutes passes

Bob's way of showing his devotion to a woman is to do odd jobs for her. We see him doing one when the curtain goes up, measuring a plank for some ceraed: with his own difficulties, mostly his obsessive medit. The shelves are for his wife, Christine, with whom, and their carried of their victor of the morning when his marriage thing out, is followed relent tim, represent his mother. ("He divorceogram?" All the debates, that had also to be the same at somy tair to say that is communication in its various forms, so apart thinks she's Jewish," Diana says. "A divorceogram?" All the debates, that had also to be the same, it is only tair to say that is communication to a woman is to do didection plays him he speaks thing out, is followed relent tim, represent his mother. ("He to Christine is judicially ended." A divorceogram?" All the same, it is only tair to say that is communication to a woman is to do didection plays him he speaks thing out, is followed relent tim, represent his mother. ("He to Christine is judicially ended." A divorceogram?" All the same, it is only tair to say that is communication to the morning when his marriage them contained the morning when his marriage to Christine is judicially ended. It is communication to the morning when his marriage them is to Christine is judicially ended. It is communication to the morning when his marriage to Christine is judicially ended. It is communication to the morning when his marriage them is to Christine is judicially ended. It is communication to the morning when his marriage to Christine is judicially ended. It is communication to the morning when his marriage to Christine is judicially ended. It is communication to the morning when his marriage to Christine is judicially ended. It is communication to the morning when his marriage to Christine is judicially ended. It is communication to the christine is judicially ended. It is communication to the morning when his marriage to Christine is judicially ended. It is communication to the christine is judicially it. The shelves are for his wife, cal problems.

Which the current lang content in to not shouted in bad temper, into the space for which he has two children, he lives in a two children, he lives in a bound the other, delayed from gether, though there is one "What do you think I ought to so carefully measured it, turns house where the sitting room is time to time by the need to go scene in which the two of them, send her?" Bob asks Diana on fore revealing that it is too

short.
Gwen Taylor and Susan Pen-Gwen Taylor and Susan Penhaligon play the two women. As the author, Richard Harris, has given them little but cliche emotion to express, that is what they give us. Miss Taylor is alleged to be ugly, and this is the only point in which she fails. Miss Penhaligon is a practising physiotherapist, which perhaps accounts for her agreeing to go to bed with Bob before they have even kissed. Mr Alderton have even kissed. Mr Alderton waves his arms and yells, but waves his arms and yells, but is clearly a nice chap at heart. But his devotion to helping girls with their odd jobs is too much for him, and in the last few minutes of the play we learn that he has started to do them for a third lady. And so it might go on for a decade and never get any less tedious than it is now.

than it is now.

The director is Roger Clissold, and the twofold sitting-room was designed by Tom

Toronto Symphony/Albert Hall

Running hard to catch up with the newly-famous Montréal Symphony, the Toronto orchestra is doing Europe this summer, and from Edinburgh they reached the Prom on Monday night. Andrew Davis—still, for a while, their permanent conductor — chose an ambitious programme, and they had the estimable young French-Canadian planist Louise Lortie as soloist instead of (as 'in Edinburgh) the unmanageable Ivo Pogorelich.

Lortie addressed himself to the last of Mozart's C major concerti, the sumptuous K.563, with fluency and taste. It deserves, ideally, a mature soloist's personality; the work is so richly elaborated that it positively invites an individual stamp in its central role. For the occasion, Lortie's lucid muslcianship (without preening)

Ivo Pogorelich.

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rougher jokes in the Ländler assured finesse.

For King and Country/Greenwich

Martin Hoyle

John Wilson's probing study of the court martial of a supposed deserter at Passchendaele started life as Homp, was revised as No Man's Land, but reached a wider audience as a film under its present title, with Dirk Bogarde, in 1984. Television would be ideal for its compactness and concentration. On stage it emerges as a solid discussion piece, though in its attempt to portray the individual reduced to a mere unit ing officer, passionately con-

schematic,

"Truth is always far too mad search for a scapegoat but hardens himself to duty, grimly dangerous." The officer's remark is the motte of corporate institutions, armies included, where the individual is subordinated to the general good.

"The officer's remark is the motte of corporate institutions, armies included, where the individual is subordinated to the general good.

"Truth is always far too mad search for a scapegoat but hardens himself to duty, grimly warning the others of possible vomit and diarrhoea as he ties the slumped victim to his warning the others of possible vomit and diarrhoea as he ties the slumped victim to his warning the others of possible vomit and diarrhoea as he ties the slumped victim to his warning the others of possible vomit and diarrhoea as he ties the slumped victim to his warning the others of possible vomit and diarrhoea as he ties the slumped victim to his warning the others of possible vomit and diarrhoea as he ties the slumped victim to his warning the others of possible vomit and diarrhoea as he ties the slumped victim to his warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties the slumped victim to his warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties warning the others of possible vomit and diarrhoea as he ties

dividual reduced to a mere unit ing officer, passionately conin an inhuman scheme the play cerned to the point of mutiny; itself falls into the trap of the schematic, and, the most complex, the lieutenant who also loathes the

ordinated to the general good.

The use of hypodermic and alcohol puts the condemned the men argue, rage, bitterly mercifully last until and during comply. Rituals are gone his execution—"As long as he's through, legal and religious. The hreathing he only has to be play's emphasis on the indipresent as an object," says the officer, unconsciously articulating the atticude to the fighting man throughout.

On Bernard Culshaw's set—a ravaged farm building, shattered roof open to grey skies—the mercifully legal and religious. The play's emphasis on the indition's strength and the executor's expediency somehow mercifully into the atticulation that the secutor's expediency somehow mercifully into the atticulation that the secutor's expediency somehow mercifully into the atticulation of the atticulation never kindles into theatrical Alan Strachan's production excitement, perhaps because the Alan Strachan's production excitement, perhaps because the underlines the decency, to vary-ing degrees calloused, of the tudes. Good performances from officers called on to judge Scott Cherry (the Padre) and Private Arthur Hamp who after Paul Williamson, admirably untrive years of fighting, nearly drowning in muck, wiping his officer; plus a highly promising friend's guts off himself, unable one from Alex Jennings as the ways idealist who turns avont.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theetra/ Wednesday, Exhibitions/Thursday, A selective guide to

all the Arts appears each Friday.

Theatre

Cats (Winter Garden): Still a sellout.
Trevor Numa's production of T.S. Ellious children's poetry set to trendy
music is visually startling and
chorecographically feline, but classic
only in the sense of a rather staid
and overslown idea of theatricality.

and overhown idea of theatricality. (239 £552).

And Street (Majestic): An immodest celebration of the beyday of Broadway in the '30s incorporates generation the original film like Shuffle Off To Bufflalo with the appropriately brash and leggy hooling by a large chorus line. (\$77 9030).

A Cheron Line (Shuftert): The longast-running musical ever in America has not only supported Joseph Papp's Public Thester for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions.

tions rather than emotions.

(230 6260).

La Cage aux Folies (Palace): With

some tuneful Jerry Herman storgs,

Harvey Firestein's adoptation of the

French film managers bands.

Harvey Fierstein's adaptation of the French film manages, barely, to expert the feel of the sweet and hilarious original between high-kicking and gendy chouse numbers. (757 2626).

I'm Not Rappeport (Booth): The Tony's best play of 1966 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who hicker uproariously about life past, present and future, with a funny plot to match, (239 6200).

(230 6200). Big River (O'Neill): Roger Miller's mu-sic rescues this sedentary version of

Huck Firm's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 1920). The Hystery of Edwin Drood (Imperi-al): Rupert Holme's Tony-winning resurrection of the unfinished Dick-ens closeds is an invariant warsien.

Susan Penhaligon, John Alderton and Gwen Taylor

ens classic is an ingenious musical with music-hall tunes where the au-dience picks an ending. (238 8296).

LONDON

The Normal Heart (Albery): Tom "Amadeus" Hules is playing the crusading here of Larry Kramer's hysterical melodrama for a three-month season, as public concern over the Aids epidemic increases. (836 3878 credit cards (CC) 378 8565).

La Cage Anx Felles (Palladium): George Hearn a welcome star elongside Denis Quilley in the transvestite show for all the family. Weak second act, less than vintage Jerry Rerman score. The show has not travelled well from Broadway. (437 1373 (CC) 734 8951).

(437 1373 (CC) 734 8951).

Trolles and Cressida (Barbican): Provocative RSC production set vagually in the Crimean War with Julist Stavenson refusing to play Cressida false but riveting just the same. The humpitous 1830s Marry Wives continues in repertoire, (628 8795).

Starlight Engress (Apollo Vactoria): Andrew Lloyd Webber's rollenshabing folly has 10 minutes of Spielberg movie magic, an exciting first half and a demilling reliance on indiscriminate rushing around. Discreptand, Star Wars and Cate are all influences, Pastiche score nods towards rock, country and hot gospel. (437 7373 (OC) 734 8951).

wards rock, country and hot gospel. No child is known to have asked for his money back. (634 6184).

Daffiance (Lyttalion): Tom Stopperd's new wersion of Schnitzler's Liebelei is a crushing disappointment only partly redeemed by Brenda Blethyn as the ruined working girl. A theatricalised travesty of the work adds to the combision of middle-aged actors playing boyish dragoons in Peter Wood's numbringly respectable production. (226 2252).

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1582)

When We Are Married (Whitehall): Matchless cunic playing from an all star cast in Priestley's comic warhorse about silver wedding atmiversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffan photographer and the camber are bet in Timuthy.

drunken Falstafflan photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully reno-

vated. (2017/85).
Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blake-more's brilliant direction of backsinge shemanigans on tour with a third-rate farce is a key factor. (836 8888). Wand Street (Drury Lane): No British

iose \$195).

Lemma (Astoria): A not too critical celebration of the life and music of John Lemnon that is enjoyable especially for the musical resourceful-

Are You Lonesome Tonight? (Phoeire You Lassesses Tonight? (Phoe-nix): More musical hagiography with Alan Bleaschle's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploita-tive, but not strictly for tourists. (838 2294).

The Feony Lanterar based on a ghost story by Sanyutei Encho, including the Japanese tradition of chilling tales of the supernatural as antidote to relatiless summer heat. The plot revolves round the ghost of Otsuya, who after her unhappy death pays a visit back to earth to her lover. This is also Ohon season in Japan when is also O-bon season in Japan when, according to Buddhist belief, ances-tral spirits make their sunual visit and the couples are led by Timothy
West and Prunella Scales. The 1930
theatre has been beautifully renovated. (930 7765).
Noises Olf (Savoy): The funniest play
for years in London, now with an
improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a
third-rate farce is a key factor.
(636 8388).
Land Street (Drury Lane): No British
equivalent has been found for New
York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has
been raphrously received.
(836 8106).
Lemmea (Astoria): A not too critical
celebration of the life and music of
John Lennon that is enjoyable especially for the musical resourceful-

of strategically-placed fire caskets are perfect for the other worldy atmosphere of Noh. Programmes include specially chilling ghost stories to alleviate summer heat – a Japanese tradition. The tiny pocket books, A Guide to Noh and Guide to Kyogen (available at hotal bookstores) give the plots. Very popular and usually held at weekends, see Tokyo papers for details. Book early to avoid disappointment.

Bunsaky Proper Theatre: Japan's traditional popular theatre with its life-size puppets. Sister theatre to Kabuld, they share a common repertoire. This month's performances feature one of the most popular plays for

one of the most popular plays for Bunraku, Imoseyama Onna Teikin by Japan's best-known 18th century playwright, Chikamatsu, Matinée at noon, evening performance, 4pm. National Theatre near Akasakamitsuke and major hotels. English programme and excellent earphone commentary available. (265 7411).

NETHERLANDS

Den Rosch, Casino, Chris Harris in his one man show Remp's Jig, the com-it story of a musical clown in Shake-speare's company who turns his back on the bard and wins fame by Morris dancing from London to Nor-wich (Thur). (125 125).

Pump Boys and Dineties (Apollo Cen-ter): Facetious look at country music and down-home country life with a good best and some memorable songs, especially one played on kit-chen utanails has proved to be a du-rable Chicago hit. (935 6190).

August 29-Sept 4

man throughout.

to sleep, eat or stop shaking, young idealist who turns execudecided to walk away. The tioner to spite the system, writer makes someone call "because it's less wrong than Hamp lovable, as if uncertain doing nothing."



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FINANCIAL TIMES

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Wednesday September 3 1986

Separating aid and trade

THE BRITISH Government's to 40 or 50 per cent the propor-recent decision to provide some tion of aid that must be put £60m of aid money, the equiv-down for a mixed credit for it recent decision to provide some form of aid money, the equivalent of nearly a year's worth of the aid and trade provision, in a mixed credit for a big water supply contract in Malaysia, has once again drawn attention to the problem of separating aid the problem of separating aid

Mrs Thatcher herself lobb; ed for the contract on behalf of the Biwater Group during her visit to Malaysia last year. The Prime Minister's personal intervention may well have been the key to may well have been the key to the largest single grant from the ATP, a budget administered by the traditionally prudent Over-seas Development Administra-

There were strong develop-mental grounds for the decision in this case, and equally strong political grounds: it is not long since a diplomatic dispute over the "repatriation" of British-owned Malaysian assets was patched up. The contract will also put £200m worth of work into British factories over the next five years.

means of concessionary finance, contrary to the conventional wisdom that the UK plays cricket while her competitors are ignoring the rules of the game. Indeed, Britain is third only to Japan and France in its use of the mixed credit weapon, according to recent OECD esti-

Full sur port

In a depressed market for project work in the developing countries, exporters can no longer rely merely on low price and prompt delivery. Financial engineering has become just as important and, in many cases, even the loan packaging skills of the City of London are not enough to satisfy cash-starved state customers in the Third World Bidders are obliged to ring round the world for part-ners who can bring government money into the contest.

Once that happens, contractors find themselves at the mercy of officialdom in both countries. Ambassadors are drawn into commercial negotia-tions, ministers become travel-

ng salesmen Efforts within the OECD to draw a line between aid and trade have not been very successful. The US, with the full support of Britain, has been trying to put the brake on

to qualify as genuinely develop-mental. In the case of the mental. In the case of the Biwater financing, just over 30 per cent is aid money, the rest being a D-Mark loan at the special rate allowed by the OECD for long-term fixed interest trade finance.

Yet this is no more than the bridger and

tinkering with the problem, and it will not remove the real cause of the confusion and irritation experienced by businessmen worldwide. If governments wanted to help the developing world—and their own businessworld—and their own business-men into the bargain—they should be ready to finance projects entirely from aid budgets, by means of a grant or a low interest (or nil interest) tied loan.

Living standards

Then, at least, the subsidy would be visible and merits of the project could be discussed in a rational way at home and negotiated with the beneficiary The mixed credit for Malaysia abroad. Developing countries shows that Britain can be as would be weaned from a coraggressive as anyone in the rupting diet of soft finance for game of subsidising exports by means of concessionary finance, would be forced either to accept would be loved either to accept the aid openly, as they do from multilateral agencies like the World Bank, or to put the work out to international tender and pay a commercial price for it. The objection to the Malay-

sian credit is not that Britain should spend so much of its aid budget on one contract. It is not that the Government is wrong to sponsor a scheme devised by an enterprising company that will raise living standards abroad and create work at if for the best of motives in this case—has encouraged the further proliferation of a tecnnique that it professes

Aid and trade are separate activities and should be separately conducted by those who understand them best. Exporters should be allowed to compete on quality, price and delivery; bankers should be allowed to compete in lending; officials and ministers should be free to consider the best use of public money as an adjunct to foreign policy.
The present confusion leads

only to dissatisfaction, recrimination and waste. But next time that the Japanese pull prestige foreign contract away from a UK bidder, British ministers would do well not to

Mr Kinnock matures

IT WAS NOT an electrifying performance, like his speeches to the Labour Party conference last year, yet the address by Mr Neil Kinnock to the Trades Union Congress in Brighton yesterday suggests that he is continuing to mature as party

Mr Kinnock has developed the merit of not promising too much. His speech contained few, if any, hostages to fortune. The main pledge, made several times before, was that a Labour government would seek to generate im new jobs within two years of coming to office. For the rest, it would be a long, hard slog. Mr Kinnock recognised the magnitude of the task and the time scale required to achieve it. He spoke of a five-year plan for investment and of moving on to a ment and of moving on to a 10-year planning horizon. But it did not sound like the over-ambitious Labour planning of the past that has so often ended in tears. His version of socialism would be deliberately more flexible than that of some of his predecessors.

Main attributes

Main attributes

The key words were work and partnership, the latter sometimes described as consensus or, in the German concept, concerted action, signifying co-operation between all the social partners rather than, as the British have tended divisively to put it, both sides of industry. That should not be lost on the people outside the hall. For Mr Kinnock was speaking to two audiences: the TUC and the electorate at large. Not once did he lose sight of the reality that the Labour Party is unlikely to win a general election with the support of trade union activists alone. As he activists alone. As he told the Labour conference last year, the party needs to be able to appeal also to the people who are " not weakened, not wretched and not poor." He had a pretty good shot at

that yesterday. The trade union movement seems to have understood this. new horizons and taking the It was already apparent at the movement with him. The next opening of the Congress on challenge is to go down as well Monday that the unions do not with his own party conference opening of the Congress on Monday that the unions do not want to tie a future Labour in Blackpool at the end of the government in fetters before it starts, having made committed. Then it reaching will be a question of reaching the labour the congress on the congress of ments that it cannot keep. of reaching the The days when a Labour electorate.

Party leader, such as Mr James Callaghan or Mr Michael Foot, staked practically all on reachstaked practically all on reaching agreement with the unions seem to have gone. Instead a more arm's length relationship is developing. The unions want Mr Kinnock to win and indeed one of his main attributes is that he has persuaded them of that he has persuaded them of his belief that he will. They can help the Labour Party financially and all of them have voted to continue to do so. But the evidence of Brighton so far is that they are backing away from seeking too dominant a role in policy.

Mutual shackles

If this is borne out by events, it will be good for the unions, good for the Labour Party and good for the country. The unions, after all, have to live with the possibility, however remote it may seem to them this week, that Labour will not be elected. It would be foolish of them to pin their entire future on hopes of Mr Kinnock becomon hopes of Mr Kinnock becom-ing Prime Minister: they have other matters to attend to, like their relevence to their retires next month.

the other—the unions or a Labour government — has usually failed to deliver its side of the bargain, whether on incomes policy or on economic growth. There have been mutual shackles and mutual embarrassments and mutual embarrassments. embarrassments. Both sides now seem chary of what Mr Kinnock yesterday called the "cosy, cosmetic embrace that wouldn't take the first strain." That must be part of his appeal to the wider constituency than the TUC.

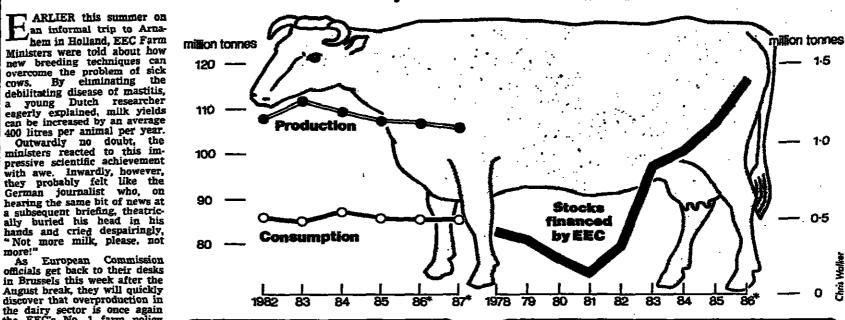
The country as a whole must

be a beneficiary because the old Labour-union alliance was in danger of becoming excessively sectarian, a collection of activists fighting old causes rather than realists looking to the future. Mr Kinnock has begun to be capable of offering

THE EEC DAIRY SURPLUS

A mountain no-one can move

By Tim Dickson in Brussels



<u>Too much milk</u>

makes a growing butter mountain,

deliberations on 1987 spending next week the pressure to do something has seldom been the feeling of hopelessness has seldom been more pervasive.

Whey, then, have successive attempts to tackle the problem—notably the introduction of quotas in 1984—had so

For this im tonnes, the EEC little impact?
will pay Ecus 3,120 per tonne Most Com
(\$1.5bn this year) under its now privately
system of guaranteed price supnow private. Most Commission now privately admit that the moment, though, is centred on now privately admit that the fact that production in the although the quota system current year is moving ahead initially succeeded in cutting of 1985 output and that delivcomes to sell, however, the Comback dairy production, it eries could far exceed the tarmunity will receive virtually has always been fundamentally gets under the quota regulation. nothing. The Commission flawed Designed to limit EEC Figures published recently by recently sold three-year-old butter at Ecus 92 per tonue.

The Community is caught a set amount through the immonth of 1986 deliveries were in the worst of all worlds position of the so-called super- broadly "within quota" in most position of the so-called super-levy (a tax of up to 100 per cent of the market value of the surplus product), the basic problem is that quotas were fixed too high above effective demand. Thus, while EEC pro-

in world export markets on the duction in the system's first other. With EEC Budget year of operation—1984—was Ministers due to resume their cut from 112m tonnes to less than 110m in the Community of 10—and halled as a major achievement at the time. EEC consumption over the period In the second year, as the

EEC's Farm Commissioner Frans Andriessen recently admitted the Community milk surplus was of the order of 7m to 8m tonnes.

· Concern in Brussels at the countries. But in June, produc-tion showed a 2.2 per cent rise

week that output in some coun-tries could be running "at 2 per cent above quota," The main reason for this is widely felt to be the system of

mission officials are convinced that if co-operatives, dairies and other authorities were prevented from "averaging out" in this way, production in the Community might be around Impanes leaver tonnes lower.

If the quota system is not proving much of a disincentive to overproduction, the economics of dairy farming are certainly acting as a spur.
The bigger and more enter-

prising farmers in the Com-munity—not only in Holland and the UK but in parts of France and Germany as well who cut the size of their herds

and on top of this have recently been enjoying a sharp reduction in the price of animal feed. With a guaranteed and fixed transferring quotas from reg- price provided by the Comions which underproduce to munity for butter and skimmed those which overproduce. Commilk powder—the other "sink" milk powder-the other "sink" product manufactured from the protein component of milk, and surpluses of which have once

lands and West Germany. A niques such as those outlined Commission official said last to farm ministers at Arnhem, vention stores and the date on which traders get paid. again topped the 1m tonne mark—the most efficient dairy farmers in the EEC would ap-

None of this would be so serious if there were sufficient outlets in world markets—but the fact is that in common with cereals and beef there are pre-cious few third-country takers for the EEC's surplus butter. Export sales in 1986 have slowed to a trickle—the sale of by comparison with June 1985 and therefore their costs in 100,000 tonnes of "ageing" and provisional results for July anticipation of the initial milk butter to the Soviet Union demonstrated continuing expanquota "shock," are improving earlier in the year was the only sion, particularly in the Nether-

pear to be cashing in on a pro-

tain in other ways such as sell-ing it to animal feed manufacturers and making it available to the socially deprived have encountered political scepticism and a degree of derision. At around Ecus 400 per tonne per year, the storage of butter is a major burden on the Com-munity purse and comfortably exceeds the cost of stockpiling non-refrigerated agricultural

Commission officials would dearly love to reduce quotas further and cut guaranteed prices with the former already fixed by ministers until 1988 1989 (when they are due to be just 2 per cent below the current level) and the latter fixed by political agreement until next April, their scope for manoeuvre is limited The likely political reaction to any such suggestion can be gauged by ministers' irritation earlier this year when the Commission pushed through a disguised price cut of 2 to 4 per cent by extending from a minimum of 120 to a maximum of 180 days the interval between the arrival of butter at inter-

This month's meeting farm ministers promises to be a fraught affair with the Commission now expected to come forward with new reform pro-posals, quite possibly including the removal of the contentious system of "regional transfers." Other ideas at this stage, which are certain to be discussed at the weekly meeting of commissioners today, are a possible doubling of the rate of the superlevy.

With West German elections due in January, and the influ-ence of farm lobby unabated, there is little expectation in Brussels that significant new moves will be taken before next year. That view, however, tends to be based on past precedent. Given the urgency of the crisis ing, momentum for market oriented policies in the sector, the EEC's budgetary and

WHY MILK QUOTAS HAVE FAILED TO CUT PRODUCTION

THE SHOCK, and in some cases panic, with which British dairy farmers greeted the imposition of milk production quotas in April 1984 sem now like muffled noises from the past. Farmers who thought then that quotas would squeeze the industry—probably the most efficient in terms of scale in the EEC-into an ill-fitting straitjacket are finding them much more comfortable to live heavily-borrowed more heavily-borrowed pro-ducers are still in financial trouble because they cannot churn out enough milk to keep up with their debt payments, many farmers are making healthier profits than at any time since the last boom year

hem in Holland, EEC Farm

can be increased by an average 400 litres per animal per year.

Outwardly no doubt, the ministers reacted to this im-

pressive scientific achievement

with awe. Inwardly, however, they probably felt like the German journalist who, on

hearing the same bit of news at a subsequent briefing, theatric-aily buried his head in his hands and cried despairingly, "Not more milk, please, not

As European Commission officials get back to their desks in Brussels this week after the

August break, they will quickly discover that overproduction in

the dairy sector is once again the EEC's No. 1 farm policy

Poor harvests in parts of Europe after a drought have for the moment at least taken

ressure off the cereals sector hile a couple of sizeable beef

sales to Brazil have significantly reduced the quantities of meat

in Community stores. But the EEC's "butter mountain" just

gets bigger and bigger.
The Commission's latest

estimate is that a record in tonnes of butter is set to flow into EEC "intervention" stores this year, taking the Com-

munity's total butter surplus to well over 1.4m tonnes.

ports. Storeage will cost a fur-ther \$200m. When the time comes to sell, however, the Com-

-rising production as in-creasingly efficient European

dairy farmers cash in on a fixed price for their produce on

the one hand, and falling butter

of 1982/83. Production, which dropped sharply in the summer of 1984, because of the quotas and a

> New line at BT

drought, is now running well Farmers' Union last year said: whole produces more than its farmers to disregard quotas. In ahead of the quota level. Milk bard—wilds are above the level they reduced the surplus problem "super-levy"—supposed to be fearing that excessively low outreached before quotas. Agricul-tural machinery sales, which suffered heavily when quotas came in, have begun to recover.
And the quotas—the entitlement to produce a given amount of milk—have become a valuable asset in themselves.

Bankers—who are still competing fiercely for farmers'

sector—report that many dairy chance to work in Britain. In farmers, far from retrenching their first year of operation.

Farmers' Union last year said:

"The system has now at least reduced the surplus problem and, it would seem, is now helping to stabilise milk producer duction—is collected from the incentive to look for quantitative solutions in other sectors."

Yet the new-found confidence country's five centralised marking boards, which then recould easily turn out to be a false dawn. Quotas may have helped to prop up farmers' in—

whole produces more than its farmers to disregard quotas. In the first place, the Milk Board—the first place, the f helped to prop up farmers incomes so far, but the fact is that they have barely had a chance to work in Britain. In further diluted by the possi
their first year of contents in their first property of the property of the

cereals. A document circulated peculiarity in the British There have been other signals a couple of years ago to 1.15 to internally by the National system. If the country as a paradoxically encouraging one now.

farmers, far from retrenching further, are now contemplating expansion.

The significance of all this reaches beyond the dairy industry. Many farmers, pleasantly surprised by their experience with milk quotas, now talks of repeating the exercise in cereals. A document circulated internally by the National of their second operation, britther diduted by the possibility, granted by the possibility, granted by the EEC, of transferring quotas from one regional milk board to another. The central purpose of quotas, as originally conceived in Brussels—to make individual of milk pices to feed costs—a very modest penalty.

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This is partly because of a peculiarity in the British dairy farmers were well under quota in their second transferring quotas from one regional milk board to another. The central purpose of dropped dramatically. According to the Milk Board, the ratio of milk process of each production costs—the production costs—the production costs—the production costs—the production costs—the produc

tained. Quotas are due to be over the next three years under an EEC scheme to pay farmers to reduce output. There is a real danger that farmers contemplating expansion now will be brought down to earth with large fines—and more than a few bad debts. Quotas may not turn out to be the comfortable option after all.

Andrew Gowers

Men and Matters Partly, no doubt, in the

expectation that it may find itself at the centre of a lively debate about privatisation in the run-up to the next general election, British Telecom is preparing to sharpen up its public image. It has announced the appointment of Colin Browne,

one of its fastest-rising younger managers, as director of corporate relations, its top public relations post. aide of Jefferson.

The Labour Party has suffered in the past from too close an identification with union interests. In the end one side or expected to bring an outgoing Though this is Browne's first



in without a visa? '

and unresponsive.
Some BT insiders see in
Browne's appointment the hand
of Iain Vallance, aged 43, named chief executive of the

company last week.
Vallance was also closely involved in the recruitment earlier this year of Bob Raggett.
a journalist specialising in telecommunications, as deputy director of corporate relations. Browne will take over next month from Peter Young, BT's top PR man since 1976, and a Young, at 61, is already be-yound BT's normal retiring age,

Absent friend

Harvard University is throwing a 350th birthday party this week. The VIPs attending in-clude Prince Charles, the Aga Khan, US Secretary of State George Shultz, and Defence Sec-George Shuitz, and Detence Sector With £750,000 and developm enjoy 100 scholarly symposiums, concerts by the Boston Pops and Joan Baez, fireworks, and a laser like of Wight.

permit a visit. However, the refusal was not announced until after Harvard told him that it would not be awarding

tions.

Reagan's academic record for both humans and boats. ne for

vard's reputedly liberal politics have not escaped its influence Former president Richard Nixon, when putting together his first administration in 1968, warned his staff, "No God-damned Harvard men, you

three of his senior advisers— Henry Kissinger, John Dunlop, and Daniel Patrick Moynihan— were from Harvard.

Lowe's goddess

Crispin Lowe, aged 40, once though he would buy a yacht and name it Ancasta after the Roman goddess of the Solent the sailing waters between the lise of Wight and the mainland. Wisely, he set up a yacht retailing and brokerage business instead.

instead.

Seven years later his still-private company is selling more than £10m worth of new and second-hand boats a year (average price £30,000) and is the biggest company in the British market.

Now the Lazard Leisure Fund has decided to join him on the water. It is staking Ancasta with £750,000 for the purchase and development of Britain's best-known marina the Groves and Guttridge facility at Cowes, Isle of Wight.

light show.

A notable absentee will be President Reagan—not a Harvari man himself. The White House says his schedule will not bermit a visit. However the

permit a visit. However, the refusal was not announced until after Harvard told him that it would not be awarding any honorary degrees during the festivities.

Reagan may well be recalling that President Franklin D. Roosevelt received an honorary degree when he opened Harvard's 300th birthday celebrations.

sored sail and power events to Cowes—easier now that the yachting sponsorship rules have

been loosened.
And, with due modesty, he admits to another plan to make Ancasta the vogue word in the European yachting scene by marketing branded lines in clothing and accessories.

Frayed nerves

The spirit of brotherly love was under strain at the TUC Brighton conference yesterday. Those who waited for an appearance by Labour's deputy leader Roy Hattersley were disappointed. He pulled out of a

fringe meeting engagement on the grounds that he was unable to travel because of ill-health. His replacement, John Prescott, who has been an occasional adversary to Hattersley in Labour's "shadow" Cabinet noted that Hattersley had a pinched nerve — Prescott said he was "glad to hear he has

Then Prescott spotted some reporters in the audience and decided to opt for diplomacy.

Talking his way out of an embarrassing slur on his deputy leader he suggested that the blame would be put on his flatmate.

Clearly Prescott had no doubt that his domestic friend, that tribune of Labour's hard left Dennis Skinner, would be delighted to be named as the

Brighton bells

Just two years ago, when the TUC last met in Brighton, dele-gates of the General, Municipal, and Boilermakers' union were roused from their slumbers in their hotel by a fire alarm and turfed out into the cold, inhospitable streets of the south The brothers of that union

when the same thing happened this week - although in daylight this time.

The fire bells rang on while they had a cup of tea and con-Only when members of the Brighton branch of the Fire Brigades Union rushed in cry-

refused to believe their ears

ing "This is a fire alarm" did they agree to leave the premises. Observer

THE HONGKONG HILTON. **WE'VE GONE** THROUGH SOME

SPARKLING CHANGES The sparkling changes at the Hongkong Hilton are crystal clear. From the lighting fixtures in the Main Lobby to the table settings in The Grill, the Hilton has taken on a quiet elegance. Over the past year, the Hilton has spent



£8 million to create its new look. The renovation, the most extensive in the hotel's 22-year history, has included 800 guest rooms (not a bed has been left unturned), the function rooms, the Main Lobby, The Grill and The Den. In addition, there are two new Executive Floors and a splendid Executive Lounge. These are just some of the sparkling changes which have taken place at the Hilton. And they are

to see. FOT reservations call your travel agent, any Hilton Interbotel or Hillon Reservation Service – in Landon 631 1767 and

Preefone 2124.

here, waiting for all

HONGKONG HILTON

LAST SATURDAY Mr Nicholas paniloff, Moscow correspondent for the magazine US News and World Report, was telephoned by a friend whom he had met four years before in Soviet central Asia. The friend, a

teacher, suggested they meet.
Mr Daniloff, due to leave
Moscow this week after fiveand a half years as correspondent, gave the friend several books by Stephen King, the American horror-story writer as a good-bye present. In return the teacher gave him an envelope, saying it contained clippings from his local newspapers in the republic of Kirgizia, a useful present for a journalist based in Moscow where the provincial press is

often impossible to obtain.
Gifts exchanged, the friend declined to accompany him further and as he walked home Mr Daniloff was arrested by half-adecen KGB security police. The envelope, opened in Mr Danil envelope, opened in Mr Daniout to contain not clippings but two maps marked secret and photographs of Soviet military bases.

The arrest of Mr Daniloff, probably the most distinguished American correspondent in Moscow, appears to be in retaliation for the arrest in very similar circumstances in New York of Mr Gennady Zakharov, a Soviet physicist, working at the UN. Neither has diplomatic

immunity.

At first sight the arrest of an American journalist appears contrary to Mr Mikhall Gorbachev's efforts over the past 18 months to improve the Soviet Union's image in the world and to cultivate the Western media. It will obviously sour US Soviet relations institute that sour US-Soviet relations just before Mr Eduard Shevard-nadze, the Soviet Foreign Minister, and Mr George Shultz, his US counterpart, meet in New York to discuss the prospects for a summit this year.
The arrest of Mr Daniloff as a The arrest of Mr Daniloff as a spy after a week in which Soviet scientists in Vienna had revealed more about the Chernobyl nuclear power accident than anybody had expected demonstrates the contradictory elements in the Soviet attitude towards the outside world. This does not mean that the new openness is insincere but that some, if not all, in the Kremlin feel it necessary periodically to

feel it necessary periodically to demonstrate their toughness. In the year after Mr Gorbachev was elected, many diplomats in Moscow believe the new openness — glasnost in Russian — at home and abroad would diminish as the new leadership established itself. In fact the reverse has happened and the handling of Chemobyl was the crucial test. For a week after the world's worst nuclear accident on April 26, Moscow's behaviour was a carlcature of the Soviet obses-

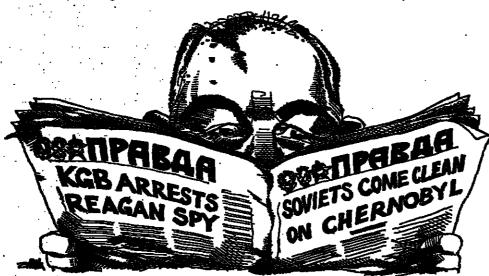
sion with secrecy.

Mr Roy Medvedev, the Soviet

Mr Gorbachev's open door

Read (nearly) all about it

By Patrick Cockburn in Moscow



himself argued that Government should reveal what had happened but was overruled by his colleagues. Only as the extent of the disester, and the extent of the dissiper, and impossibility of husbing it up, became evident was Mr Gorbachev able to get his views accepted. Extensive reports began to appear in the Press

foreign journalists.

Since then Soviet newspaper editors seem to have become confident that openness is here to stay. Mr Gorbachev has already changed the rules of the Soviet political system by making direct appeals to Soviet public opinion in a way which has not happened since the 1920s. Without this change in Soviet politica it would be impossible for Mr Gorbachev to appeal to international public opinion as he has done since he first whited London in December 1984.

This is all very different from

historian, has said that at a style diplomacy was clearly vulnerable to shifts in Western public opinion which Moscow made little attempt to influence

had at any level.
d by It is this aspect of Soviet foreign policy which Mr Gorba-chev and the men around him have changed. Three changes are notable: The notatile:

Mr Gorbachev looks good on television. He is the first Soviet leader to do so (Mr Brezhnev is not a hard act to follow) and

this is largely responsible for the better Soviet public image in Western Europe and beyond.

By taking the initiative in muclear arms control in the way Mr Brezhnev never did, Mr Gorbachev has been able to present the Soviet Union as more accommodating flexible than in the past. By holding press conferences, appointing official spokesmen and giving briefings, the Soviets have put themselves in a

stronger position to present their case. Too much can be made of the latter point. "Remember,"
a Soviet journalist warned me
in May 1984 just before I came
to Moscow, "no Soviet official This is all very different from the early 1970s when Mr in May 1984 just before I came in May 1984 just before I came in Moscow, "no Soviet official foreign Minister, preferred to handle detents through secret required to talk to a foreign correspondent." This grim little piece of advice still holds Rissinger, his Secretary of State, This eighteenth-century decision-makers now give

What hedgerows are able to

demonstrate is the ability of the British flora and fauna to adapt to a new and unnatural

briefings to the foreign press in a way which never occurred

This is useful but much the most important source of infor-mation for a foreign correspon-dent in Moscow is the Soviet press. The fundamental changes which have taken place here are of far greater significance than the cultivation of public relations techniques by the Soviet foreign ministry. Soviet foreign ministry.

"We spend all our time reading the newspapers," says a Muscovite woman in a tone of surprise and excitement. She points to an article in the Communist Party daily Pravda made up mainly of critical letters from Chernobyl refugees.

Such articles in a paper like Pravda, with its circulation of 10m, tarnish the gloss of offi-cial accounts of an orderly evacial accounts of an orderly eva-cuation and resettlement of re-fugees from the Chernobyl area. Even more surprising was the publication earlier in August of a series of articles in an Estonian newspaper which de-scribed how a group of Estonian military reservists clearing up at Chernobyl had sone on strike in June when their tour of duty was suddenly extended from two to six months.

Other recent articles in the Soviet Press have included:

Soviet Press have included: ● A piece in Moskovsky Kom-

describing Smolensk Square, the small tri-angle of parkland in central angle of parkland in central Moscow immediately in front of the foreign ministry and close to the Belgrade Hotel, had become a centre for black marketeers and prostitutes. The main reason for this, explained the newspaper, was that Smolensk Square is at the intersection of two police districts both of which disclaim responsibility for it, leaving black marketeers "to feel absolutely safe."

Many newspapers have carried articles on drugs in recent months, a topic previously never mentioned. Policemen are interviewed who discuss the difficulties of articles of the control of culties of cutting off drug sup-plies when enormous amounts of wild hemp grows in the east of the country.

Many of these topics would not have been discussed in the Press a year ago. Articles give fascinating little insights into their appendix.
Not only do newspapers tackle

subjects previously off limits but there are increasing signs that broad political issues are being fought out in the Press. These include a massive scheme to divert water from lakes and rivers in the north of the country into the Volga—a project which the Polithuro cancelled last month, citing public experience.

opposition.
At the same time the Politburo abandoned a project, already under way, to build a vast monument in Moscow to vast monument in Moscow to commemorate the 1945 Soviet victory over Germany. To this end a 330-ecre park had been appropriated and the hill where Napoleon waited in vain in 1812 to receive the surrender of the city flattened. At the centre of city fiattened. At the centre of the park, a 230 ft high statue: was to have been etected, an object described by Mr Andrei Voznesensky, a distinguished poet, as "one of the most cheer-less and talentless monuments in the world." It is now being

redesigned.
The Soviet Press was always slightly more revealing than it was given credit for in the West. The fact that the Supreme Soviet and other nominally re-presentative institutions have only rubber stamp authority has always meant that debate is displaced sideways into news-papers which have enormous

circulations and power.
But the campaign for more openness under Gorbachev has done more than just limit secrecy. Access to knowledge has ceased to be an attribute of leadership and is increasingly seen as the right of a citizen. This in turn is changing the rela-tionship between the state and tionship between the state and Soviet society from the mould which was formed in the early International monetary reform

Why it is no more than a noble-sounding goal

By John H. Makin

TRE US should forget about tary conference. But he has international monetary reform. That noble-sounding goal is just code for movement towards fixed exchange rates, and there is clear evidence that Japan and West Germany are not ready even to consider the degree of policy co-ordination necessary of keep exchange rates stable. fixed exchange rates, and there is clear evidence that Japan and West Germany are not ready even to consider the degree of policy co-ordination necessary to keep exchange rates stable. The inconsistency between in-ward-looking economic policy Soviet life, For instance, about 30,000 people are diagnosed as having appendicitis in Moscow every year—some 10,000 find out after the operation that there was nothing wrong with their appendix.

In Angust 1971 the US decided that the time had come

In August 1971 the US decided that the time had come to regain a trade balance surplus and break the 38-year-old tie between the dollar and gold the between the dollar and gold the feet are to the surplus and the seet the surplus and the surplu at \$35 per ounce. The result was extreme exchange rate volatility during the autumn of 1971. Claiming to be horrified by volatile exchange rates but actually fearful of the effect of the sharp dollar depreciation on their ability to export, most of Europe and Japan pressed for a quick return to fixed ex-

They got their wish in the Smithsonian Agreement which repegged exchange rates at levels consistent with a modest 8.5 per cent dollar depreciation against other major currencies. President Nixon termed the December 1971 repegging exercise "the most significant monetary agreement in the history of the world." Fourteen months later in March 1973, it col-

In 1985, the US was beset with concern about its budget and trade deficits, two sides of the same coin. The Gramm-Rudman-Hollings law initiated an attack on the budget deficit. By mandating a sharp reduction in national discarring the attack By mandating a sharp reduction in national dissaving, the attack on budget deficits will, if successful, also reduce the trade deficit. Meanwhile, the prospect of tighter US fiscal policy has resulted in a sharp depreciation of the dollar against other major currencies.

Once again, as in 1971, the eries about undestrable ex-change rate volatility have masked the real concern abroad. Mr James Baker, Treasury Secretary, has not turned a deaf

ordination of national monetary and fiscal policies.

What would current world economic conditions dictate about policy measures in the US, Japan and West Germany, if exchange rates were pegged? The US has a weak economy and a weak currency. The obvious prescription, were the federal budget deficit not running at \$2200n for the current fiscal year, would be easy fiscal policy which—as became obvious in 1982-84—strengthens both the economy and the currency. But

Mr James Baker has wisely resisted a rush to judgment

on repegging exchange rates

one of the costs of having run a large budget deficit for the past half decade is to limit room past hair decade is to limit room to manoeuvrs toward an ex-change rates target, particularly with a slowing economy. With US fiscal policy on the rigid contractionary path mandated by the Gramn-Rudman-Hollings law, an exchange rate target forces tight money. But tight money is contrary to the domestic goal of expanding the

Japan, on the other hand, faces no such policy dilemma. It has a strong currency and a weak economy. Its first quarter of policy co-ordination. The annual real GNP growth rate world economy can do without was minus 2.1 per cent. Prices another "most significant mone-are falling about 1 per cent tary agreement in the history of the world" that everyone A weak dollar threatens the strategy of export-led growth of the US major trading partners. money. The Bank of Japan is

inward-looking criteria such as these are proving damaging to prospects for continued world economic expansion. They pertainly do not suggest that Japan is ready to accept the degree of policy co-ordination required for fixed exchange

rates.

The situation in West Germany is similar to that in Japan. Real GNP growth was virtually flat in the first half of 1986. Wholesale and consumer prices are falling. The currency is very strong but unemployment is 9 per cent. The Germans, therefore, resist the obvious therefore, resist the obvious easy money prescription on domestic grounds tied to dubious forecasts of higher growth in the second half of 1986 and domestic labour market bottlenecks. Their attitude towards US pressure for easier money is self-righteous and inward-looking. Their view seems to be that they have got their own house in order and their own house in order and are not about to take any risks for the sake of the world economy. That attitude threatens any effort to stabilise exchange rates.

erchange rates.

Mr Baker cannot have failed to notice that the necessary, demand-contracting adjustment of US fiscal policy—undertaken after persistent badgering by Japanese and German policy-makers—has not resulted in any offsetting experiences. any offsetting expansionary measures abroad. In the light of dollar has depreciated enough. He may also be thinking that the US trading partners are not ready for a new monetary system wherein the goal of stabilising exchange rates is doomed to failure by an absence

cription, especially in view of The author is director of the US dilemma, is easier Fiscal Policy Studies at the money. The Bank of Japan is American Enterprise Institute in resisting further ease that Washington.

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Standards in **UK** markets

From the Executive Director Scottish Financial Enterprise. Sir, - Scottish Financial Enterprise is a new private sector initiative to promote, throughout the UK and internationally, wider awareness of the range and quality of expertise within the Scottish financial community. Its members are important independent players in the UK financial services in the UK mancial services sector and are committed to contributing to the continuing development of the UK as a major international financial

centre. Standards in the Square Mile, therefore, are of vital concern to SFE and its members and an article under that title (August 29) calls for comment. It is not clear whether the writer intended to threaten or

to reassure.
The threat is contained in reminders of historical episodes when legislation followed some more extreme examples of the triumph of self-interest over self-discipline. The sentence "Club rules are no longer adequate" carries the hint that externally imposed statutory regulation that invitable.

may be inevitable.

But the piece closes with the apparently reassuring reflection that "it is business conditions that "it is business conditions rather than standards of morality which have led to the changes." This seems to imply that any current criticism of the players in UK markets is misplaced because they can't be expected to preserve the stuffy old standards of yesteryear. That would be a deeply disturbing message.

disturbing message. The traditional standards of UK markets sought to preserve an ideal of fair dealing. That ideal involves two essential elements: equality of opportunity of access to information, and certainty as to the conclusion. sion and conditions of contract. It would be a sad irony if technological developments which extend the availability of

information were to be abused by lack of care about the quality of information now so readily disseminated. Confidence that a bargain has been struck and certainty as to its terms are fundamental to the orderly operation of any market. It is on precisely these characteristics that UK markets

ITON

Letters to the Editor

and discipline appropriate standards of conduct discharge Lieir obligations to preserve basic ideals and principles. basic ideals and principles.

Integrity and independence have served well those who have dealt with the Scottish financial community, and these continue to be articles of faith of SFE and its members. They would be saddened to see any decline in standards in the Samera Wile. Square Mile,

Jack C. Shaw. PO Box 183, 27, Abercromby Place, Edinburgh,

Class one circulars

From Mr P. Challens

From Mr P. Challens

Sir,—George Robertson MP (Angust 28) expresses righteous indignation over Guinness's actions by failing to keep just one of many promises made in what he terms "a class one circular," and Mr Saunders word is never to be trusted again.

To the electurate of this country pre-election party manifestos are "class one circulars" and we all know how many promises made in these fail to materialise when "a better understanding of the circumstances" is achieved once in power.

Mr Robertson is also a constant critic of the Government for actually keeping to its class one circular promise, Guinness shareholders not only had a vote but could also exit, in this instance, at a profit. Not so the poor electorate.

Peter Challens. Pembridge, Lynx Hill, East Horsley, Surrey.

Destruction of hedgerows From M₇ M, Ashmole

Sir,-I find it hard to under-

The property From Mr C. Walls.

Sir,—I would like to reply to Mr Newsum's (August 15) and Mr Walters' (August 21) comments on my article on the invasion of the property world by the financial world.

acay to a new and unnatural environment. A current parallel is "the British motorway system," which as a wildlife refuge and habitat must have gone a long way to compensate for the loss of hedgerows. Similarly, the new confer forests, which from your editorial could be assumed to be something alien to the British countryside rather than the natural climax vegetation of a large area of upland Britain, are already demonstrating their ability to create enhanced wildlife habitat. The greatest disservice we could do to our natural flora and fauna would be to create

the zoo mentality — suppressing natural evolution and adaptability, an opportunity which must be at the basis of any natural law. Michael A. Ashmole. Fountain Forestry, Isla Road, Perth.

Support for farmers From Mr C. Smedley

Sir,—Mrs Maynard asks (August 22) "why treat the farmers so cruelly." As a farmer's wife she thinks that "farmers deserve all the support in the world."

As a consumer of food, as is, I believe, everybody else in the world, I think that farming has enough of an advantage over most other economic activities. An ever expanding and continual demand for your products must be every producer's dream.

But had Mrs Maynard travel-But had Mrs Maynard travel-led across North America with me recently, she might recog-nise that some parts of the world have a natural advantage in the production of cereals or livestock. Had she moved further around the globe she would find farmers in Austra-lia, New Zealand, Indonesia, India and South America apart from those in Europe. Do any of these deserve all the support ket. It is on precisely these characteristics that UK markets stand that the current yard-developed their international prominence.

If it is true (as your contributor suggests) that "business conditions create their own standards of morality," we must ensure that the new conditions do not breed acceptance of standards of conduct which will damage international perceptions of the advantages of dealing in UK markets or of seeking independent advice here. Cartainly, the Scottish financial community is anxious that those who have to develop

hours of labour have been harvested to man's best ability. Charles Smedley.

Far from being surprised at the low quality of the property profession's investment advice (as Mr Newsum alleges), I have (as ar Newsum alleges), I have been making similar criticisms for the past 10 years or so. I am surprised however (indeed astonished) at Mr Newsum's argument that "surveyors never pretended that they were strategic investment advisers" (I sessume via a via manarty). tegic investment advisers (1 assume vis à vis property). Surveyors certainly have not given worthwhile strategic property investment advice, but

property investment advice, but this has not stopped them from pretending that they did. The rest of Mr Newsum's letter, where it is not misinformed is simply downright silly.

Mr Walters' letter, unfortunately, is even worse. At no stage in my article did I argue that financial organisations are buying residential agents because of the property profession's failure to deliver strategic advice. I would suggest that Mr Walters reads the article that I actually wrote as opposed to the article he imagines I wrote. As for the rest of his letter, I am straid that the comments I made on that the comments I made on Mr Newsum's letter must apply,

only more so.
Mr Newsum and Mr Walters. in their failure to understand the real nature of the threat facing the property profession, would make an ostrich look farsighted. If they are in any way representative of the property profession then that profession has even bigger problems than I thought it had.

C. J. B. Walls, 5b St John's Wharf, 104-106 Wapping High Street,

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FINANCIAL TIMES

Wednesday September 3 1986

TROLLOPE & COLLS

Construction Refurbishing Management 01-377 2500

Tim Coone assesses this week's critical talks on the Argentine economy

Tough test for Buenos Aires debt battle

battle against inflation and the bur-

den of foreign debts.

Mr Jose Machinea, the new head of the central bank, and Mr Mario Broderson, the Finance Minister, will begin talks in New York on negotiating a new standby agreement with the international monetary fund and on the refinancing of \$1.2bn in interest payments falling

due from the end of this month. In Buenos Aires, Mr Juan Sourrouille, the Economy Minister, and US dollar in the past nine days, in-Mr Hugo Barrionuevo, the Labour creases in charges for gas, electrici-Minister, will try to persuade the trade unions to accept the new package of austerity measures an-nounced at the weekend.

Positive results from both sets of talks will be vital if confidence in the economy is to return. The Argmesmerised by the return over the past two months to an annualised inflation rate of approximately 150 per cent. The future of the Government's economic stabilisation strategy, the Austral Plan, launched 14 months ago, hangs in the bal-

CGT, has already fired its first debt talks are continuing.

AFTER a turbulent month, the Argentine Government faces two further critical tests this week in its longation of the hopeless and useless sacrifice of the Argentine people." Mr Saul Ubaldini, the CGT leader, said the Austral Plan bad already reduced the level of real

> the brunt again, however. Mr Sour-rouille's dellationary package inchides steady devalu

Mr Sourrouille will clearly need all the persuasive power he can summon, if Argentina is to avoid being phinged into a wave of labour unrest before the end of the year. He will adopt at two-pronged approach, promising the unions a re-turn to free collective bargaining next year and an end to the wage controls practised since the launch

wages by 27 per cent.
Wages are likely to have to bear

austral which has been officially devalued by 6 per cent against the ty, and transport and no compensation for the inflationary erosion of wages during July and August -thought to be in excess of 20 per

of the Austral plan, and appealing to them to remain at work while the

(ARGENTINE INFLATION

A return to free collective barining has the added advantage for the Government of shifting the focus of union militancy on to the private sector, where profits and losses, rather than government de-crees, will determine wage levels.

Argentina's strategy at the New York debt talks is likely to focus on interest rates. The average rate paid on Argentina's \$50bn debt is 9 per cent, according to Mr Juan Sommer at the Economy Ministry.
"We are looking more at the possib-

as a way forward out of the debt critotal debt burden through refinan- weekend speech is clearly a concilicing the interest payments," he Officials believe Argentina could

reasonably be expected to pay a with foreign exchange earnings exrate in real terms of 2 per cent. Given an average 2 per cent annual inflation in the main OECD creditor and lower prices for cereals and countries this would imply an interest rate of around 4 per cent, or 2 per cent below the existing London inter-bank offered rate. Mr Sommer is also accompa- ports.

nying the negotiating team to New York. Surprisingly, Mr Sourrouille made no direct mention of a reduction in interest rates in his weeken speech, instead warning Argenti na's creditors that they can expect to face demands to reduce their spreads on the renegotiation packages, to accept refinancing on a multi-annual basis, and to lend fresh money beyond that required simply to pay back interest.

The big US banks hold approxi-mately 40 per cent of Argentina's foreign debt, and any major concession on interest rates might well create substantial problems with their shareholders, especially those that already face difficulties.

Such concessions are likely to be firmly resisted and Mr Sourouille's sis, rather than an increase in the failure to mention them in his

atory signal. The Argentine negotiating team will point to the country's problems pected to be down \$1.5bn on 1985. due primarily to the loss of markets At the same time, officials will say, Argentina is trying to reduce

earned about £20m, but this sort of return will dwindle, partly because the company will soon have to pay its capital gains on the Telerate sale, and also because most of its high interest gilts mature early-Even if Exco makes £80m pre-tax this year the shares are still at a substantial premium to those of its rivals. But it would be unwise to Allied/Hiram

suppose that a bid premium is com-pletely unwarranted. What if, just for example, Standard Chartered wanted both to improve its capital ratios without an undisguised rights issue and to make itself more indigestible for the still extremely interested Lloyds? Such a deal might also enable Mr Tan Sri Khoo Teck Pust to make a profit on his purchase of a 29 per cent stake in Exco while retaining a manage-ment interest through his place on the Standard board. This theory implies a hostile bid, since Exco is op-posed to the sale of its money broking activities which the Bank of England would demand in the event

of a merger with a bank.

It is a hard life being Exco. It produces a splendid set of interim re-

sults, increases the dividend by 50

per cent and the share price rises just a penny to 234p. The point is that the company is still sitting on cash amounting to 150p a share and

deals may yet be done which will transform Exco beyond recognition.

Having been blocked by the Bank

of England in its attempt to merge with Morgan Grenfell, Exco has now been outbid by US banks in its

\$100m offer for First Options of Chi-

cago. This is Exco's curse. It has

what seems like a vast cash pile

and does not want to fritter it away

on anything less than a major strategic acquisition. But at that

level, it runs up against the really

In the first half Exco's cash

Those Australian resource companies that thought their US dollardenominated products provided a hedge against their dollar borrowings have come in for a rude awakening - and none more so than CRA, which borrowed very heavily in dollars when they were 50 per Lyons

THE LEX COLUMN

It's a rich

man's world

tic market (where interest rates are high enough) and provided A\$183m against the unrealised exchange losses on its dollar debt. In the old days, when CRA charged the unrea-lised losses above the line RTZ. merely wrote them back on consolidating its share. This time, RTZ can only account for a share of CRA's exiguous earnings in a weak currency, or less than half last time.

The Allied-Lyons affair has come to resemble one of those blockbuster television series which has been pre-sold overseas. While the English setting offers scope for the usual fine character acting and production values, the addition of a brash Australian and an immensely rich Canadian dynasty should ensure worldwide viewing.

While the market waits excitedly for the Monopolies Commission verdict on the Elders bid for Allied. Allied itself has been beavering away at its purchase of Hiram Walker's drinks business in the courts and in negotiation with the new owners of Hiram Walker itself, the Reichmann family. Whatever the value to Allied of Hiram Walker's five major brands and its North American distribution network, an acquisition worth over £1bn would have made Allied to all intents indi-gestible for Elders in its old form.

But Allied's problem is twofold. about the purchase of Hiram Walk-er: at CS2.3bn, Allied is offering a valve sales to oil companies all add multiple higher than that Guinness up to a profit performance which cent cheaper to repay in Australian paid for Distillers but without the dollars. In its interim statement obvious and immediate benefits to in the shares' rating. With profits yesterday, CRA showed it has at last turned a bear of Australian dollars. Allied would a bear of Australian dollars. Allied would a bear of Australian dollars. lars: it has refinanced A\$630m of its thus be saddled with a large and, shares at 173p, up 5p yesterday, is foreign-currency debt in the domes- initially, inert lump of North Ameri- giving little away.

it is making decent progress in the equity issue.

The alternative is to gain the

agreement of the Reichmanns ereby litigation is dropped and the business is shared with Allien wielding management control. The purchase of merely a majority could be financed from debt without starving Allied's remaining businesses of cash. Yet if Elders is still interested in Allied as a collection of branded businesses, rather than as last year's asset play, it will not be put off by half of Hiram Walker; with the help of its new friends at BHP, it could go for very much

Once ICTs in-house metal basher IMI is now a well-spread engineer ing company which for the last four vears has shown rather more glamorous growth than the market expects from the sector. Half-year profits up from £22.6m to £30.5m continue that trend. But the nagging doubt in investors' minds is where the growth will come from in future. The very diversity of IMS's business gives little scope for brokers to latch on to some product which can make a significant differ-

ence to the group.

The policy of adding higher-margin activities and raising the margins on existing business has largely been behind the profit rises of recent years. The City has sufficient confidence in IMI's management not to worry too much about the odd small loss - for instance that in plastic guttering, which has been quickly stemmed - or even the short-term adverse effect on the drinks dispense subsidiary of the US cola wars. The pluses are generously spread around the company. Further acquisitions can be expected, once Martonair is settled in. and IMI has more sense than to branch out too far from its own markets.

However, the murmurings of a flattening of demand, the belief that The market is not enthusiastic titanium sales cannot go upwards

Approval expected for Elders' Allied bid

By Lionel Barber in London

THE UK Monopolies Commission report into the controversial £1.8bn (\$2.5bn) bid by Elders D.L. the Australian company, for Allied Lyons, the UK food and drinks group, is expected to be published today, ending a nine-month investigation by the competition authorities.

Market analysts forecast yester day that Elders will be given the goahead subject to certain conditions being met on the financing on the proposed acquisition. Concern about the high level of gearing and bank finance involved was one of the major reasons for the government ordering a Monopolies Com-

mission reference. But it is unclear whether M John Elliot, Elders chairman, will proceed with the hid. Allied is close to an agreement to buy at a cost of about £600m a majority stake in Hi-ram Walker Spirits, the Canadian drinks company. The move, bitterly attacked by Elders, would make Al-lied more difficult to swallow on the grounds of size.

Allied shares closed at 353p, Affect shares chosen at 333p, down 2p on the day, valuing the group at nearly £2.4bn. The fall in Allied shares reflected uncertainty about Elders' ability and willingness to renew its bid, analysts said.

Elders has also been reportedly interested in buying Courage, the brewing group controlled by Hanson Trust following its successful £2.8bn takeover of the Imperial Group earlier this year. The price would be more than £1bn.

During the past five weeks, Allied has held talks with Gulf Canada, which won control of Hiram Walker Resources last April shortly after the previous management reached an agreement to sell its wine and spirits division to Allied.

Since then, Allied and Gulf, which is 80 per cent controlled by Olympia and York, a real estate and resources company controlled by the Reichmann family, have been fighting through the Canadian courts for control of the liquor arm of the group.

Though there is as yet no formal agreement between the two sides, a compromise proposal is under seri-ous discussion and an "understanding" reached, according to observers close to the talks. Under the deal, Allied would as-

sume majority control of the divi-sion which trades under the name Hiram Walker Gooderham & Worts.

N-power row threatens Rome coalition

in serious jeopardy by calls from Socialist party leaders for a non-nuclear energy programme.
This initiative, led by Mr Claudio

Martelli, the party's vice-secretary, is a direct result of last week's deci-sion by West Germany's Social Democrat Party to phase out nulear power if it wins next January's general election.

Returning from the SPD congress which he attended as a frater-

nal delegate, Mr Martelli has creat-ed a political uproar by forecasting that the Italian Socialist Party should take a similar position at its congress next spring.
We are fortunate in Italy that, without intending to, we have fallen

ITALY'S nuclear power plans and the new five party coalition Government's fragile unity have been put sense in starting to build muclear plants. I believe the next PSI (Socialist party) congress will take this cialist party) congress will take this decision." he told the magazine

> Until now all the main Italian parties have been reluctant to take a directly hostile stand to nuclear power in the wake of the Chernobyl saster. Mr Martelli and the Socialists are now being accused of upsetting the coalition's agreed "pe-riod of reflection" which is supposed to run until a national conference of nuclear experts is held in December. This is supposed to advise on the future of a nuclear power industry which, in comparison with France, Britain and West Germany, is still embryonic.

Italy produces little more than 3 behind in carrying out a nuclear per cent of its national energy replan. Now it does not make much quirements from three nuclear pow-

er stations. A fourth plant is under To paper over its internal divisions construction and three others firm- it is calling for a national consulta-It is being assumed that Mr Mar-

telli would not have made his surprising announcement without the approval of the Socialist Premier. Mr Bettino Craxi, Mr Craxi's head has since remained firmly down, although his office did issue an unattributed statement that changes in government policy must wait upon the pational conference at the end of the year.

highly suspicious, and see Mr Mar-telli's initiative as a pre-emptive strike to harvest votes from post-Chernobyl fears and a growing preoccupation with environmental is-

The Communist Party, in particular, could be seriously outflanked. The largest coalition party, the

tive referendum on the future of nu-

Christian Democrats, is publicly outraged at the Martelli stateme and privately suspicious that Mr Craxi may yet be manouevring to-wards early elections next year in-stead of honouring his agreement to hand over the premiership to a Christian Democrat next March.

Jettisoning the nuclear option would leave Italy almost totally dependent on imported energy. Oil accounts for nearly 60 per cent of the country's energy needs and further diversification could involve purchasing more electricity from France - more than 60 per cent of which is produced from nuclear

S&P puts GM debt on 'creditwatch'

BY ANATOLE KALETSKY IN NEW YORK

of General Motors, the largest US carmaker which last week an- not necessarily lead to a downgradnounced a costly programme of sub-sidised consumer financing, have debts will retain their present rat-been placed on "creditwatch" by ings until S & P's analysts complete Standard & Poors, one of the lead-

Amstrad unveils

new computers

Continued from Page 1

strad would show that it had the

marketing muscle, engineering depth and component sourcing cap-abilities to sell high volumes of

cheaper clone machines at a time

when the large computer compa-nies already recognised they could "no longer foist high-priced ma-chines on the public."

Industry observers gave a gen-erally good reception to the Am-strad machines, though there was

some scepticism about whether the

company could meet its ambitious targets, particularly in the US in the face of IBM's moves yesterday.

However, Amstrad has a record of achieving large sales by under-cutting prices in other markets.

Mr Sugar said he expected the new machines would be bought by

large companies, as well as by smaller business which had never

used a computer before.

THE MEDIUM and long-term debts P announced yesterday.

of General Motors, the largest US The creditwatch procedure does

their review

ucts" is bound to be an embarrass-ment for a company which is still synonymous for most Americans debt is not affected. At present, GM and present of the p with financial solidity

At present, GM and GMAC senior debt is rated AA+ by S & P and the subordinated debt carries The issues placed on creditwatch include all the senior debts and preferred stocks of General Motors it-

Standard & Prors, one of the leading Standard & Prors, one of the leading US credit rating agencies.

The debts affected, which total Scandard to evaluate the "negative implications of GM's deteriorating earnings performance" for its credit standing, S & error successful new productions of the leading use of the lea

Singer marketing company floated

BY ALICE RAWSTHORN IN LONDON EUROPEAN Home Products, spun

off from Singer in the US last year to market Singer sewing machines in Europe, is coming to the UK sale which will value the company

The flotation represents a substantial profit for the group of European institutions which paid the US parent company £17m for EHP in August last was a substantial profit for the group of European institutions which paid the US machine market since goods.

The sewing machines manufacture in southern Europe the strongest area – the operation retails a broader range of electrical goods.

The sewing machines manufacture in southern Europe to the strongest area – the operation retails a broader range of electrical goods.

The sewing machines market since goods. parent company £17m for EHP in the machine 130 years ago. How-ever, in the late 1970s, the combina-August last year. The flotation will release 10.75m

EHP's equity, at 180p a share. The board expects to produce pre-tax in home sewing plunged the sewing profits of at least £4.4m in the current financial year, with prospectrum in the US turned its attention to rent financial year, with prospec-tive earnings per share of 13p and a prospective multiple of 12.3. Originally EHP had intended to go public in spring 1987. The flota-tion was horsight forward to redeem tion was brought forward to redeem £4.4m of preference shares from Singer in the US resulting in auto-

nomy from the parent company.

much earlier than we had expected. But by severing our last link with

The flotation will release 10.75m tion of increasingly aggressive Japordinary shares, or 35 per cent of anese competition, the textile in-EHP's equity, at 160p a share. The dustry recession and fading interest the new area of aerospace electronics and its European operation lurched into losses.

In August last year a group of Eu-

Mr Douglas Ash, EHP's chief ex-ecutive, said: "We have gone public operation of 380 shops and 1,700

But by severing our last link with Singer in the US we will have the flexibility we need to develop the products while in southern Europe

tured in the US by SMCC, will con-tinue to be marketed under the

Singer brand name.

The business returned to trading profit immediately after EHP's formation, "although the recovery had already begun under the US owner-ship," according to Mr Harry Gittes.

EHP has already cut central costs and devolved greater responsibility down to national divisions. A new ropean institutions acquired the ail-ing European operation. EHP was formed to market Singer sewing products, including the machines, the south, Excel, will open in Italy

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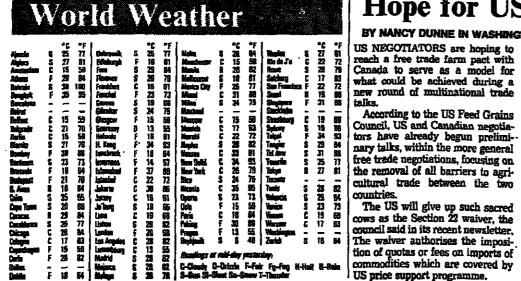
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Hope for US-Canada farm trade pact

US NEGOTIATORS are hoping to what could be achieved during a new round of multinational trade talks.

According to the US Feed Grains Council, US and Canadian negotiators have already begun prelimi-nary talks, within the more general free trade negotiations, focusing on the removal of all barriers to agri-The US will give up such sacred cows as the Section 22 waiver, the

products and sugar. "A liberalising bilateral agree-

for its products through the Gatt (General Agreement on Tariffs and kets. Trade)" the council said.

gotiations. It predicted that Canada would continue to market grain through the boards, but that they would lose some of the powers, like tion of quotas or fees on imports of the issuance of import licenses. Also up for discussion will be Canadian transportation subsidies an end to EEC export subsidie

Last year, the US charged import which have angered American farreach a free trade farm pact with fees for sugar and quotas were immers. The Western Grain Transpor-Canada to serve as a model for posed for peanuts, cotton, dairy tation Act, which subsidises grain shipments moving west through ment would offer a demonstration include exports to the US, an action to the rest of the world that would enhance US efforts to ensure access dian competition with US both domestically and in third country mar-

The council predicted that Cana- der attack for its own export subcultural trade between the two da's marketing boards for grains sidy schemes. Representatives countries. sidy schemes. Representatives Australia, last week and agreed to present a united front against ex-port subsidies at the September Gatt meeting in Punta Del Este,

Urnenav. US officials have long called for



SECTION II – COMPANIES AND MARKETS **FINANCIAL TIMES**

Wednesday September 3 1986



Suntrust Banks to buy Third National

BY WILLIAM HALL IN NEW YORK

SUNTRUST BANKS, the fast-grow- work of 12 banks and 134 branches ing south-eastern regional banking in Tennessee. group, has agreed to take over Third National Corporation, the second higgest banking group in Tennessee, in a \$747m deal which will create a combined banking with accepts of \$220m. group with assets of \$24ba. Suntrust Banks, which was formed from last year's merger of Florida's Sun Banks and the Trust

Company of Georgia, is one of the most highly rated banking groups on Wall Street. Although it only ranks 23rd in size, measured by its eastern lmb operation can only assets of \$18.8hn, the group esti-mates that, based on Friday's share price, the combined banking group would be the sixth biggest in terms

it has escaped the problems in inthe performance of some other big US banking groups. Third National, based in Nashville, Tennessee, has assets of \$55m and operates a netheadquartered in Nashville

chief executive of Suntrust, said that Third National had "one of the best track records of earnings of all bank holding companies in the US."

eastern hub operation can only mean good things for the economic climate of the state," Mr Strickland

gan, Citicorp, Bankers Trust, Chase
Manhattan, and PNC Financial.

The Atlanta-based Suntrust. The Atlanta-based Suntrust is in earnings. The price is in line with the heart of one of the most attractive banking markets in the US and tions. Suntrust is exchanging 1.67 shares of its own stock for each of ternational banking, energy lending and agriculture which have hurt trust shares fell \$% to \$22% in early trading yesterday and Third Na-tional shares rose \$1% to \$38.

US GROUP'S \$60M FUND-RAISING VENTURE MAY SIGNAL IMPROVEMENT IN SUPERTANKER MARKET

Loews' fleet flotation charts a new course

BY WILLIAM HALL IN NEW YORK

ĠŔÁND, PARAMOUNT, Embassy, Capitol, State, Orpheum and Paradise. They could be names of Loews Corporation's famous old movie theatres. In fact, they are the names of a recently assembled fleet of supertankers which Loews, a New York conglomerate, is about to float on the over-the-counter mar-

The issue, the stock market symbol of which will be VLCC, the abbreviation for a Very Large Crude Carrier, is believed to mark the first time a brand new shipping company has been floated on the stock narket enabling investors to gamble on the volatile world tanker shipping market. Some analysts see the move as a sign that the "smart money," on Wall Street is betting that the sharp decline in the world tanker market, which started in

1974, may soon be over. Loews Corporation, a conglomerate with \$16bn of assets from hotels to watches (Bulova), tobacco (Lorillard) and insurance (CNA Financial), is planning to raise up to \$60m through the sale to the public of a one-third stake in its latest venture - Majestic Shipping. The money will be used to refinance majestic

crude carrier (VLCC).

Lest investors are in any doubt. the front of the prospectus carries a blunt warning that nobody should buy Majestic shares "unless such person is prepared to lose substan-tially all of such person's invest-ment." Morgan Stanley and Merrill Lynch are co-managing the under-writing of an initial public offering of 3m Majestic shares at an esti-The issue has already caught the attention of some of the more aggressive Wall Street money managers.

old Mr Larry Tisch, is regarded as one of the canniest investors on Wall Street although not all his ear-lier endeavours exhibited the Midas touch, Last year he helped CBS, the biggest US television network, rebuff an unwelcome approach from Mr Ted Turner, the Atlanta television entrepreneur, and now con-trols a stake of close to 25 per cent. This has left some CBS executives wondering whether they were rescued by Mr Tisch or whether he

its fleet of six ultra large crude car-riers (ULCCS) and one very large as a man who likes to buy when others are selling and Loews' emer-gence as one of America's bigger shipowners is a classic example of his investment habits.

While Mr Tisch Senior is keeping a watching brief over Majestic, he has delegated the main responsibilhas delegated the main responsibility for the venture to one of his sons, 33-year-old Mr James Tisch, an executive vice president of Loews. Dr John W. Devanney III, a 46year old naval architect, has been appointed chief executive and his company, Martingale, is providing the computer programmes which will decide how the company's ships will be deployed. Day-to-day management of the Majestic fleet is being undertaken by Hellespoint Steamship, an affiliate of Parach-

ristidis (UK).
For the last three years Loews has been quietly buying laid-up su-pertankers at rock bottom prices in a gamble that the long decline in the tanker market will eventually end and tanker prices will rise from their current low levels. As the major oil companies have been shrinking their giant tanker fleets, Loews has been buying the cast-offs at close to scrap value.

It first ventured into the tanker and "there can be no assurance that and discourage exploration and promarket in December 1983 when it charter rates will in the future be duction in non-Guif crude oil produbought two 315,700 DWT tankers for a total of \$13.6m.

be the Esso Deutschland, was bought for \$5.5m in October 1985, and last month the company caused a considerable stir in the shipping world when it paid \$12m for the former 388,042 DWT Esso Le Havre. Right months earlier Loews had bought a near identical ship for

To date, Loews' has nearly doubled its money on its gamble in the tanker shipping market. It has paid less than \$50m for a 2.5m DWT tanker fleet which is now worth close to \$90m although more than half the tankers are still laid up at a cost of about \$360,000 per vessel per

Last month three of the tankers were chartered on the spot market for the first time but Majestic's preliminary prospectus notes that except for a few brief periods, average charter rates since 1974 have been too low to enable many owners of large crude carriers to cover capital and operating costs.

sufficient to enable owners, including the company, to operate large Loews' biggest acquisition, the crude carriers profitably' say 421,681 DWT Grand, which used to crude carriers profitably" says the

> Industry sources estimate that an oversupply of crude oil carrying ca-pacity will continue for the foresee-able future. Given that the useful life of supertankers has been estimated by industry sources to be as short as 15 years, and the Majestic fleet is between nine and 11 years old, the useful lives of the Majestic tankers could be limited to the next five years. After that Maiestic will probably have to spend a lot of money to maintain its ships in operating condition.

Despite the provisos, Loews is betting that the severely depressed tanker market will improve and appears to be gambling that the conventional wisdom in the world tanker market is wrong. If Loews analysis is correct, the tanker surplus

It argues that oil prices are unlikely to return to their 1981 levels in the near term and this is likely to pares with their current increase worldwide demand for oil resale value of \$12.3m.

increased crude oil shipments from the Gulf which will increase demand for the world fleet of large crude carriers which has shrunk from 190.2m DWT to 115m DWT in

the last 6% years. After the offering, Loews will retain 6m shares or a two-thirds stake in Majestic which it acquired at an effective cost of \$32.7m or \$5.45 per share. Assuming that outside investors pay \$20 a share for the remaining 3m shares, Majestic will have shareholders funds of around \$92.7m plus a \$20m loan which is

under negotiation. New investors will be paying roughly twice book value to buy in-to Majestic - a company that has no operating history and is so new that its owners are still looking for a permanent office in the Bahamas. The prospectus notes that based upon an assumed price of \$20 per share, the effective average cost of Majestic's large crude carriers to people purchasing shares of com-mon stock is \$19.3m which compares with their current estimated

Eastern Air Lines to shed 1,500 workers

BY ANATOLE KALETSKY IN NEW YORK

EASTERN AIR LINES, the trou-come from "more efficient probled US airline whose bid to merge cesses and trimming of elimination with Texas Air Corporation was of a wide variety of goods and serblocked last week by the US Transportation Department, yesterday announced a cost-cutting propagation of a wide variety of goods and serblocked last week by the US Transportation Department, yesterday Leonard, Eastern's chief executive, said yesterday. He added, however, that no immediate actions to cut or although the protect of ings of more than \$150m a year.

The measures came in response to losses of \$154.7m which Eastern incurred in the first half of 1986. They will include 1,500 job losses -442 of them in management posi-tions. The layoffs, which will take effect from the middle of this

::.

alter the routes flown by the airline were expected and that Fastern would not disclose the specific cost petitive reasons

Eastern has already announced plans to suspend from October 1 its daily round trips from Miami to effect from the middle of this month, should save 554m.

London and to reduce from 53 to 12 its flights out of Charlotte in North Carolina. It has also closed flight at-

The genuine

issue will

lead-manager of your

also take care of its

long-term performance.

Rico and Chile.

A drastic cost reduction programme was widely expected both by Eastern's shareholders and by its 41,000-strong workforce after the balf losses emerged in July.

The management's relations with the unions, which are represented on Eastern's board, have been tense in recent weeks. Until last week, however, it looked as if the surgery might be delayed until the merger with Texas Air took place.

Both Eastern and Texas Air are still hoping to go ahead with their

tendant bases in Chicago, Puerto merger if the Transportation Department approves revised plans to counter the anti-competitive effects of the proposed combination.

The two airlines are the principal competitors on the vital New York-Washington and New York-Boston shuttle routes. However, the Government's surprise rejection of Eastern's original plan to transfer some of its shuttle flight slots to Pan American World Airways was seen on Wall Street as a serious blow. As a result, pressure has mounted on Eastern to come up tore its financial viability ahead of any merger with Texas Air.

Nynex buys United Publishers

NYNEX, the US telecommunications group, has acquired United Publishers for an undisclosed

amount Reuter reports.

United Publishers, a Beverly
Hills-based directory publishing
company, produces 45 yellow pages
directories in southern California and the Portland, Oregon areas The acquisition marks the first time Nynex will publish directories

outside the north-east. Its subsidiary, Nynex Informa-tion Resources, publishes 288 directories a year with a total annual circulation of about 27m copies, it said.

Ylvisaker quits as Gould chairman

BY OUR NEW YORK STAFF

MR WILLIAM T. Ylvisaker has re- in the many industries in which he which has held informal takeover signed as chairman and director of had been involved. Gould, the Illinois-based company he transformed from a sleepy battery maker into a high-tech group through a series of wide-ranging acquisitions. The group has often been mentioned as a takeover target

Mr Ylvisaker said yesterday it would be in "the best interests of the company, as well as myself, to retire at this time." He said the move would allow him to devote his energies to acquiring other busi-nesses and establishing an investment banking activity specialising

Mr Ylvisaker, aged 62, has headed the company since 1967. During his tenure Gould grew rapidly through more than a dozen acquisitions. However, Gould's rapid expansion came to a halt last year when it ran into problems in the semiconductor industry and reported a net loss of \$175.7m.

In the first half of 1986 it lost another \$110.8m after taking a \$130m special write-off to cover cost overruns on certain fixed price defence

talks in the past with Siemens, the West German electronics giant, has been slimming down its businesses.

Last month Gould announced it was putting its important defence lysts speculated at the time that this would make it easier for Siemens to mount a friendly takeover. Mr Ylvisaker resigned as Gould's chief executive earlier this year and was replaced by Mr James McDonald, aged 46, a former IBM executive who joined Gould in July 1984. Gould's board will consider election

of a new chairman at its next regu-

lar board meeting.

All these securities having been sold, this announcement appears as a matter of record only.

Peugeot S.A.

International offering

1.775.000 Shares of FF 70 each

Chrysler Motors Corporation

1,375,000 Shares of FF 70 each

S. G. Warburg & Co. Ltd.

Daiwa Europe

Deutsche Bank Aktiengesellschaft

Swiss Bank Corporation International

Credit Suisse First Boston Limited

Union Bank of Switzerland (Securities) Limited

Banque Paribas Capital Markets Limited

Crédit Lyonnais

Banca Commerciale Italiana

Creditanstalt-Bankverein

DBS Bank

Soditic (Jersey) Limited

McLeod Young Weir International Limited S.G. Warburg Potter Partners Limited

Wood Gundy Inc.

2,000,000 American Depositary Shares representing 400,000 Shares of FF 70 each

S.G. Warburg Securities

The First Boston Corporation

Merrill Lynch Capital Markets

Morgan Stanley & Co.

Salomon Brothers Inc.

Bear, Stearns & Co. Inc.

Drexel Burnham Lambert

Shearson Lehman Brothers Inc.

UBS Capital Markets Group Investment banking on a worldwide scale

Zurich, London, Frankfurt, New York, Toronto, Tokyo, Singapore.



Now that a global capital market

has clearly emerged, so has its leader in research.

Euromoney Corporate Finance recently conducted the first survey in which leading international companies had a chance to evaluate securities analysts around the globe.

Merrill Lynch came out on top not once but in all four categories: We were ranked best by the most companies; ranked best when the nominations were weighted internationally, with more points being scored for a nomination from abroad than for one at home; ranked best in terms of the total number of analysts nominated; and ranked best by continental European corporations.

One reason is that our presence in the global market is nothing new.

We long ago committed ourselves to developing outstanding research in support of our worldwide investor audience; and we are continuing aggressively to expand our global securities research and economics capabilities.

Today, everyone is talking about the global capital market. But being in the lead to do something about it has put us ahead in the ability to serve it.

OVERALL RANKING, TOP 20 FIRMS

- 1 Merrill Lynch
- 2 Goldman Sachs 3 Salomon Brothers
- **4 First Boston**
- 5 Drexel Burnham
- Lambert 6 Morgan Stanley
- 7 James Capel 8 Kidder Peabody
- 9 EF Hutton
- 10 Paine Webber
- 11 Dean Witter Reynolds.
- 12 Oppenheimer 13 Smith Barney
- 14 Kleinwort Grieveson 15 Donaldson, Lufkin
- & Jenrette 16 Wood Mackenzie
- 17 Shearson Lehman **Brothers Hoare Govett**
- 19 Rowe & Pitman 20 Phillips & Drew

TOP 20 FIRMS (INTERNATIONALLY WEIGHTED TABLE)

- 1 Merrill Lynch 2 Goldman Sachs 3 First Boston
- 4 Salomon Brothers 5 Drexel Burnham Lambert
- 6 James Capel 7 Morgan Stanley 8 Kleinwort Grieveson
- 9 Kidder Peabody 10 EF Hutton
- 11 Paine Webber 12 Oppenheimer 13 Dean Witter Reynolds Wood Mackenzie 15 Smith Barney
- 16 Donaldson, Lufkin & Jenrette 17 Rowe & Pitman
- 18 Shearson Lehman Bros. **Hoare Govett**

20 Phillips & Drew

TOP 20 FIRMS

BY TOTAL NUMBER OF ANALYSTS NOMINATED

- 1 Merrill Lynch 2 Goldman Sachs
- 3 Salomon Brothers 4 Drexel Burnham
- Lambert First Boston
- 6 Paine Webber

- 7 Kidder Peabody 8 Morgan Stanley 9 Smith Barney
- 10 Wood Mackenzie
- **EF** Hutton 12 James Capel 13 Oppenheimer
- 14 Dean Witter Reynolds
- 15 Cowen & Co. Hoare Govett
- 17 Rowe & Pitman
- 18 de Zoete & Bevan L F Rothschild Scrimgeour Vickers

CONTINENTAL EUROPEAN CORPORATIONS'

FAVORITE FIRMS

- 1 Merrill Lynch 2 Kleinwort Grieveson
- 3 Goldman Sachs 4 James Capel
- 5 Pierson, Heldring & Pierson
- 6 Deutsche Bank Morgan Stanley 8 Rowe & Pitman Savory Milln Atlantic Finance

Note: Where no number appears, firms are tied

Merrill Lynch

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This announcement appears as a matter of record only.



Co op Aktiengesellschaft

Frankfurt, Federal Republic of Germany

New Issue of 600,000 Voting Shares of DM 50 Nominal Value

The placement of these shares was arranged by

EBC Amro Bank Limited Amro Handelsbank AG

July, 1986

INTL: COMPANIES and FINANCE

Sime cuts payout after profits slip

Malaysian group, has reported a 27.5 per cent decline in pre-tax profit to 152.6m ringgit diversification into property (US\$59m) for the year ended June, on turnover which fell per cent to 2.25bn ringgit.

It is cutting its final dividend showed the predominance of to 5 cents making a total of 8 plantations on the group's profitability. to 5 cents making a total of 8 cents a share for the year, compared with 18.3 cents

previously.

The level of pre-tax profits was boosted by higher interest income, which rose from 10.5m ringgit to 34.1m ringgit.

Profit, after tax and minorities, feil 32 per cent to 59m ringgit, although the group had extraordinary profits of 92m

profitability. Pre-tax profits from the plantation division fell by 55 per cent to 62m ringgit. The main reason for the plunging plantation earnings

was the low price for palm oil, particularly in the second half of the year when prices were barely above production costs.

SIME DARBY, the diversified ringgit, compared with 28m tionally the second biggest returned an after-tax profit Malaysian group, has reported ringgit previously. sector, experienced a fifth down from 78.5m to 40.2m successive year of depression. Turnover fell by another 30 per it managed to report a profit of 3.7m ringgit, compared with a loss of 26m ringgit the last time due to cost savings.

The results include those of Dunlop Malaysian Industries and Rempas Edible Oil.

CP's final dividend is 8 cents, making 12 cents a share for the cent to 154m ringgit. However,

Sime's property, tyre manufacturing and fabrication yard activities in Malaysia were badly affected by the recession. as was the case with tractors. The bright spots were Sime's operations in Hong Kong and

the Philippines. barely above production costs. Consolidated Plantations, a 5 cents a share, compared with The tractors division, tradi-major listed subsidiary of Sime, 10 cents previously.

ringgit, despite a 50 per cent rise in turnover to 599m ringgit. The results include those of

making 12 cents a share for the year compared with 26 cents

Tractors Malaysia had net profit after tax of 4m ringgit, compared with net loss of 27.2m ringgit. Turnover fell 30 per cent to 160m ringgit. It is giving a first and final dividend of the compared with

Currency losses push CRA into the red

BY KENNETH MARSTON, MINING EDITOR

CURRENCY EXCHANGE losses arising from the weakness of the Australian dollar, coupled many mine products—notably iron ore—have severely hit half-year results of CRA, the Rio Tinto-Zinc group's 52.3 per

Earnings for the half-year ended June 30, amount to A\$60.3m (£24.6m or US\$36.8m) or 12.2 cents per share, com-pared with a restated A\$51.4m a year ago. But the latest figures are before a A\$183.4m write-off of exchange losses arising from big US dollar loans.

period of A\$125.8m, compared with a profit of A\$56.6m a year ago. CRA says that the write-off has been made in the belief that the Australian dollar is un-likely to recover to above the The interim dividend is reduced to 3 cents from 5 cents, rency borrowings will be better second-half.

Earnings for the interior of the company expects a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency between the period in which the foreign currency between the period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency borrowings will be a period in which the foreign currency between the period in which the period in which the foreign currency between the period in which the period in which the period in whi

to reduce the impact of adverse exchange rate movements on dollar debt which is not protected by offsetting US dollar assets. If the write-off had not been made and CRA continued

Although the weakness of the Australian dollar benefited domestic revenue from sales of US dollar-priced products, their or going prices products, their prices remained depressed. Earnings of Hamersley iron are —normally a mainstay—fell to A\$67.3m from A\$98.7m in line with lower sales and reduced

Losses on lead, zinc and silver production were com-pounded by the industrial dis-pute at the Brokea Hill mines, although work has since resumed. Coking coal exports fell by 57 per cent and there was a reduction in the price paid by Japanese customers.
On the other hand, improved to amortise unrealised exchange losses, there would have been a half-year loss of A\$8.8m, it results came from Bougainville

BY JIM JONES IN JOHANNESBURG

SASOL, the partially privatised South African oil-from-coal pro-

ducer, increased sales and profits in the past financial year, but is counting on new assistance from the state for part of

its revenues in the current year.
The company does not disclose production details, but is believed to produce about two-

fifths of South Africa's liquid fuel needs.

the year to end of June 1986 from R3.39bn in the previous

year and operating income before interest and tax in-

creased to R1.33bn (\$529.8m) from R104bn.

The company receives a guaranteed price for its product

based on world crude oil prices. The rand's weakness, however,

provided some protection from the fall in dollar-denominated

Turnover rose to R3,75bn in

Sasol ahead but looks for

state support on revenues

copper and gold, Commalco aluminium, Pacific Coal and the stake in the expanded Argyle diamond operation. The last-named quadrupled its contribunamed quadrupled its contribu-tion to A31.2m which was relatively small because of the time lag between the end-December start of the major phase of production and the subsequent sales therefrom which began in May.

CRA says that its main emphasis is on improving productivity. Prospects for higher metal prices are not encouraging but it is pointed out that revenues will benefit from the lower value of the Australian dollar and "an improved result

The directors say that the Sasol Two production facility operated above design capacity during the past year. The company repaid state loans of R1.1bm and is placing emphasts

on strengthening equalisation

Attributable earnings after transfers to equalisation funds rose to 102.3 cents a share from 89.1 cents and the total dividend

has been raised to 45 cents from

Sage Heldings, the South African investment and financial services company, suffered a drop in profits for the first six months to June and has warned that it may be unable to meet its target of maintaining earnings this year. Interim pre-tax profit dropped to R 12.3m from R13.9m in the first half of last year and against R30.9m for

year and against R30.9m for 1985 as a whole.

has been maintained unchanged

39 cents.

Elscint plunges \$92m into loss at seven months

BY ANDREW WHITLEY IN TEL AVIV

US\$92m loss for the company, that earlier published results which makes sophisticated medial medial maging equipment. Full-of the Haifa-based company's year deficit to March 31, 1986, financial standing.

after reduced losses in the maining months.

Top management was resulting from huge write-ons on inventory, property and shuffled last summer as losses good will.

rose and Mr. Uria Galil, chairman -- Separately Biron, a high technology holding company, own and chief executive of Elron nology holding company, own. Electronic Industries, Elscint's ing 30 per cent of Elscint, has a converted a US\$12m loss on conthat the company was putting its

For 1984-85 Elscint reported a first-ever loss of \$33.8m on revenues of \$132m. However, last October it said it would be revising both the 1984-85 the worst figures have come figures to an estimated \$38m from Scitex, another leading and those of the previous year, high-tech concern, which to eliminate research funds incorrectly reported as income. \$13.3m on sales of \$132.5m.

ELSCINT, the Israeli medical equipment manufacturer listed on New York Stock Exchange, has reported the largest loss in Israel's corporate history.

In the seven months from April to the end of October, over the weekend show a USS92m loss for the company.

year deficit to March 31, 1200, is expected to reach \$115m. The losses reported tims were after reduced losses in the rewere heavier than forecast, resulting from huge write-offs inventory, property and

reported a US\$12m loss on con-solidated sales of \$169m for the 12 months to March 1986.

The previous record corporate loss in Israel was the \$45m reported by Zim, the national shipping line, for 1984-85.

In the current results season,

indigenous raw materials. Amcor boosts earnings by

14% to record A\$95m
BY ROBERT KENNEDY IN SYDNEY AMCOR, the diversified Australian paper and packaging general manager-commercial, group, has registered a 14 per said yesterday the company was

cent increase in profits to a confident that its improvement record A\$95.3m (U\$\$58.1m) in the year ended June 30.

The company was expected to come in at the A\$95m plus level, especially after the previously-reported 22 per cent improved earnings effort of its 51 per cent-owned Mayne Nickless concernion.

Said yesterday the company was confident that its improvement would continue in the current year and believed that the management of Mayne Nickless prospects for 1986-87.

He said all its major businesses had recorded higher earnings in the year, and

operation.
Amoor's latest profit was achieved on a 33 per cent rise in sales to a record A\$2.4bn.
The group has increased the annual dividend from 19 cents to 20 cents a share through the payout of a final 10.5 cents.

FAI Insurances lifts dividend

FAJ INSURANCES, whose interests include 18 per cent of Pioneer Concrete Industries, earned a record A\$72.47m (US\$44.2m) profit in the year to June 30, writes Robert Kennedy in Sydney. In the previous year, FAI doubled its earnings to A\$28.35m

to A328.35m. The company has declared a

one-for-ten bonus issue and in-creased its final dividend from 4.2 cents to 5 cents a share.

FAI now ranks as the largest general insurer in Australia,

having achieved a 72 per cent increase in non-life premium in-come to A\$284.73m in the year.

Earlier this year, FAI de-clared its intention to bid

A\$2.75 a share for Pioneer Con-

JAPANESE RESULTS

nesses had recorded higher earnings in the year, and Australian Paper Manufacturers, its pulp and paper operation, had achieved a particularly strong coin particularly strong gain.

James Hardie Containers,
which was included as a whollyowned subsidiary from April 1,
had increased its sales strongly

BARCLAYS

crude prices, while this year's 1985 as a whole.
revenues will be enhanced by a rebate of 3.6 cents per litre on 31.3 cents a share from 33.4 liquid fuels made from cents and the interim dividend

BARCLAYS OVERSEAS INVESTMENT COMPANY B.V.

U.S.\$350,000,000 Guaranteed Floating Rate Notes due 2004

Notice is hereby given that the Rate of Interest for the Interest Period from 4th September, 1986 to 4th March, 1987, is 511/16 per cent per annum and that on 4th March, 1987 the amount of interest payable in respect of each U.S.\$5,000 principal amount of the Notes will be U.S.\$142.98.

> Barclays de Zoete Wedd Limited Agent Bank

3rd September, 1986

INSTITUTO NACIONAL DE INDUSTRIA

NOTICE

to the holders of the outstanding US\$150,000,000 Floating Rate Notes due 2000 of the Issuer (the "Notes") of the EARLY REDEMPTION ON 9th OCTOBER, 1986

NOTICE IS HEREBY GIVEN to the holders of the Notes that, in accordance with Condition 6 (b) of the Notes and pursuant to the provisions of the Trust Deed dated 5th April, 1984, made between the Issuer and The Law Debenture Trust Corporation, p.l.c. constituting the Notes, the Issuer will redeem all of the Notes then outstanding on the next interest payment date falling on 9th October, 1988 (the "redemption date"). The Notes will be redeemed at their principal amount plus interest accrued to the redemption date. Interest on the Notes will cease to accrue from the date of redemption and coupons maturing after the redemption date will be void.

of ali of the Notes by the Issuer

Payments of principal will be made on or after the redemption date at the specified office of any of the Paying Agents listed below against surrender of the Notes Notes will become void unless presented for payment within a period of five years from the redemption date.

> PRINCIPAL PAYING AGENT: Manufacturers Hanover Limited

7 Princes Street, London EC2P 2EN PAYING AGENTS:

Manufacturers Hanover Bank Luxembourg, S.A. 39 Boulevard Prince Henri

Manufacturers Hanover Trust Company Stockerstrasse 33 8027 Zurich

Manufacturers Hanover Trust Company 600 5th Avenue, New York, N.Y. 10020

Crédit Commercial de France

Deutsche Genossenschaftsbank

DG BANK

Aktiengesellschaft

Yamaichi International (Deutschland) GmbH

July 16, 1986

INTERNATIONAL APPOINTMENTS

Deere succession issue starts to clear itself

BY WILLIAM HALL IN NEW YORK

manufacturer which recently halted virtually all its US pro-

first annual loss since 1933, and recently halved its dividend, is struggling to cope with the severe recession in the US farm severe recession in the US farm belt and its successful labour relations record has been thrown into question by a sur-prise strike after negotiations on a new wage contract broke

Mr Boyd C. Bartlett, the com-pany's 60-year-old president and chief operating officer, has amounced plans to retire next March 31, after 35 years' service with the company. No successor has been named, but industry analysts expect that the choice will be between Mr Thomas A. Gildehause, aged 46. and Mr Hans W. Becherer, 51. The new president is likely to be the Street investment house, despirable of the stree

DEERE & COMPANY, the Robert A. Hanson, Decre's 62-world's leading farm equipment year-old chairman and chief executive, eventually retires. halted virtually all its US production following a strike at three of its plants, is reshuffling its senior management team.

The moves come during one of the most difficult periods in Deere's history. The company, which is expected to report its first annual loss since 1922, and haus is executive vice president.

haus is executive vice president, corporate staff and administra-tion. Deere also announced last week that Mr Michael S. Plunweek that Mr Michael S. Plunkett, a senior vice president responsible for engineering technology and human resources, had been elected a director. Mr Plunkett, 48, joined Deere in 1958 at its industrial equipment works.

On Wall Street, several analysts say that the announcement of Mr Bartlett's retirement and the other appointments indicated that the com-

"extremely competent farm equipment executive," and says that his wish to retire has been well known for some time.

Meanwhile, Deere has reacted sharply to some newspaper reports that the announcement of Mr Bartlett's retirement

during the middle of a major industrial dispute reflected a management vacuum at the top management vacuum at the top of the company. Mr Bob Shoup, a Deere spokesman, said that his company had always been well regarded for the way it handled management transition, and there was nothing unusual about the departure of Mr Bartlett who took over as president 18 months ago. He will remain on Deere's board after his retirement, Industry analysis suggest that the expanded responsibili-

Industry analysis suggest that the expanded responsibilities being given to Mr Becherer indicate that he stands the best chance to take over as president. Deere says that his newly created position is "designed to improve the co-ordination and effectiveness of product design, manufacturing and marketing functions in Deere and Commanufacturing farm equipment

Chairman for Guinness Mahon Dublin

enne

- <u>- S</u>

GUINNESS AND MAHON, of Dublin—a member of the group and leasing company, which is headed by Guinness Mahon and Co, the London merchant bank susbidiary of Guinness Peat, the UK financial services group— has appointed Mr Michael Murphy to the board, and chairman from October L company with Midland Bank, Western Subsidiary of Tiger Line, the principles operating s

ton was formerly managing director of GPA's joint venture company with Midland Bank, GPA Midland, and remains a operating subsidiary of California, the International of California, the

Mr Wolf, who also becomes a director of the parent was pre-sident and chief executive of Republic Airlines, now acquired by Northwest Airlines. He was previously president and chief operating officer of Continental Airlines, and also with Pan * * * * American World Airways and GPA GROUP, the Shannon- The move reflects GPA's mar- American Airlnes.

Senior changes at Bremer Landesbank MANAGEMENT board changes Axel Weber, 42, as deputy Dr Gebhard Dirksen retired at Bremer Innelsebank; one-of chairman, Mr Hasskamp has from the bank on Sunday. He the West German local state been on the management board will from this month, at the re-Dr Gebhard Dirksen retired the West German local state been on the management board to since 1984, when he moved to from Monday of this week. Bremer LB from Westdeutsche three months earlier than had been planned. The service president. Mr. Dr. Peter Hasskamp, 48, has taken over as chairman and Mr. The service in the carbon the corporate will from this month, at the request of Norddeutsche Landes bank, which owns 75 per cent of Bremer, offer that bank his full service. The is to work closely with Dr. Peter Hasskamp, 48, has board in that year.

Moevenpick prepares for new chairman

By John Wicks in Zurich

MOEVENPICK, the inter-national restaurant and hotel group based in Zurich, has announced the formation of a management committee to take over executive control as of January 1.

The restructuring is a further The restructuring is a further step towards Mr Ueli Prager, the group's founder, being succeeded as chairman by his wife, Mrs Jutta Prager. The committee will initially be headed by Mr Prager as the management chairman. He will also be responsible for the group's production activities, its wine cellars, a project subsidi-ary, the secretariat and corporate marketing.

Mr Wolfgang Vom Hagen, as head of German operations, the hotel's subsidiary and human resources and development, will act as deputy management chairman, while Mrs Prager is chairman, while Mrs Prager is to be responsible for Swiss restaurants, catering systems, international restaurants and franchises, central planning and non-food business.

The fourth member of the committee, Mr Paul Schwizer, will be in charge of finances, controlling, personnel and other central services.

Hagen. This unit has, he says, been a platform for "pre-liminary discussions" with a view to initiating Mrs Prager into all sides of the business. The new committee will, on the other hand, take executive

Mr Frank F. Beelitz has joined Salomon Brothers, the Wall Street investment house, and is to be a member of the manage-ment bland ... for v corporate finance and administration in the Frankfurt representative office when it opens later this

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3rd September, 1986

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with Warrants to subscribe for 300,000 Bearer Shares of

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CSFB-Effectenbank Dresdner Bank

central services.

Inst year, Mr Prager had announced the formation of an

decisions.

Mr Prager, who recently celebrated his 70th birthday, has not yet specified when his 43-year-old wife is to replace him at the head of the company.

In a recent statement, however, he said this would take place after "some journeyman years" for Mrs Prager. He said that it was intended to keep the majority shareholding within the family until at least the year 2004, when his children from the marriage with Mrs Jutta Prager will be "in their thirties."

Group S. G. Warburg Securities

Leu Securities Limited Morgan Stanley International Aktiengesellschaft **Swiss Bank Corporation** Schweizerische Westdeutsche Landesbank Bankgesellschaft Girozentrale International Limited (Deutschland) AG Banca del Gottardo Banco de Bilbao Deutschland Bank Mees & Hope NV Aktiengesellschaft Banque Paribas Capital Markets Limited Banque Indosuez Bayerische Hypotheken- und Aktiengesellschaft Chase Bank AG Bayerische Landesbank Berliner Bank Girozentrale Aktiengesellschaft Christiania Bank (UK) CIRC Citibank Aktiengesellschaft Limited Limited Dai-Ichi Kangyo Daiwa Europe (Deutschland) **Deutsche Girozentrale** - Deutsche Kommunalbank -International Limited DSL Bank **EBC Amro Bank** Genossenschaftliche Deutsche Siedlungs- und Limited Zentralbank AG-Vienna Landesrentenbank Hessische Landesbank Industriebank von Japan Goldman Sachs International (Deutschland) – Girozentrale – Aktiengesellschaft Morgan Guaranty GmbH Kredietbank International **Merrill Lynch Capital Markets** Group Nederlandsche The Nikko Securities Co., Nippon Kangyo Kakumaru (Deutschland) GmbH (Europe) Limited Middenstandsbank nv Privatbanken A/S Nomura Europe GmbH Orion Royal Bank Limited J. Henry Schroder Wagg & Co. **Sumitomo Trust** Salomon Brothers International Limited **International Limited** Svenska Handelsbanken Trinkaus & Burkhardt KGaA Vereins- und Westbank

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S.G. Warburg Securities

AMP buys 5%

of German

metals group

By Andrew Fisher in Frankfurt AUSTRALIAN Mutual Provident Society (AMP), the largest insurance company in Australia, has bought a 5 per

cent stake in Metaligesell-schaft, the West German metals, chemicals and trading

The holding was purchased

out of the 9 per cent interest which Daimler Benz was required by the Federal Cartel Office to sell off when

investment company, which owns 35 per cent of the metal

group—initially to MIM Hold-ings, the Australian mining

to other large investors.
Among major investors in
Metaligesellschaft are Kuwait,

metaligeseischaft are kniwat, with 20 per cent, Deutsche Bank, Siemens, Allianz (the other three holders of the investment company through which Daimler held its stake), and Dresduer Bank.

Metallsgeslichete vermend

Metallgesellschaft resumed

dividend payments for the last financial year to Sept-ember 1985, having missed

the payout for the previous three years as a result of

severe problems in metal manufacturing and mining

Extraordinary

Gist-Brocades

By Lauta Raun in Amsterdar

GIST-BROCADES, the Dutch

biotechnology company, lifted its earnings by 11 per cent to F147.8m (\$21m) in the first half of 1986 from F142.9m in the year-earlier period on extraordinary gains

and lower faxes.

Extraordinary income of Fl 3.8m from the sale of Renkes Distilleries in April

boosted otherwise flat operat-ing profits of F1 66.5m.

gains lift

SOVEREIGN and state-backed a BFr 2bn eight-year 7½ per to a cautiously positive market cent (semi-annual) is priced at borrowers concentrated on the "currency" sectors of the Euro-bond market, although the Euro-bond market, although the Euro-dollar market saw a crop of Rabbank led a F 100m five days for North American borrowers concentrated on the cent-priced issue. Cera arranged response.

The deal pays interest at 8 September.

The deal pays interest at 8 September.

Meanwhile Nikko Securities issued a \$100m five-year equity deals for North American bor-

The D-Mark market traded steadily but thinly yesterday, and dealers said that investors were waiting on the sidelines for a discount rate cut.

Nevertheless, the European Investment Bank came to the market with a substantial DM 200m 30-year issue meeting a favourable response. West-deutsche Landesbank led the 6 per cent par-priced deal which

priced at par.
DG Bank co-ordinated a \$275m package of privately - placed bonds for the World Bank, issued by the Unico banking group. DG bank itself led the

Dome bond

prices marked

down sharply

ary 1987.

year 5% per cent par-priced issue. Norinchukin Bank led a

of this deal will be released to-BHF-Bank issued 100,000 warrants exercisable into a sevenyear 6 per cent bond at 100%. The warrants are priced at DM 25 each, and they traded around this level.
The Eurodollar

was quoted at 99 bid.

Meanwhile, Deutsche Bank arranged a DM 200m private placement for Australia, which will be used to repay an outstanding 8½ per cent bond which matures in 1987. Yesterday's the day that Standard and Research was private to the standard and Research. five-year bond pays interest at Poor's, the rating agency, as warrants priced at \$19
51 per cent and is priced at par. putting General Motors on exercisable into a Citicorp 8
priced at par. "Creditwatch." Outstanding cent 10-year bond at par. GMAC issues were, however, marked down slightly in late

trading. Chrysler Finance, which has not borrowed in the Eurobond DM 250m seven-year 51 per cent market for some months, national. The 15-year deal has closed and the exchan par-priced issue. Cera arranged launched a \$125m five-year bond an indicated coupon of 21 per at Y95.18 to the dollar.

over comparable US Treasury bonds at launch. Prudential Bache Securities International Y5bn seven-year bond paying Bache Securities International interest at 5.65, while GZB- led the issue, which was quoted Vienna arranged a ASch 400m at discounts to issue price eight-year bond. Further terms slightly outside the level of the total fees.

Morgan Stanley launched a poration, a sbsidiary of Philips, the Dutch electricals company. The deal pays interest at 8 per cent and was priced at 1007 to yield about 135 basis points over

issued a \$100m five-year equity warrants bond for Shimadzu, the Japanese precision instru-ments company. The five-year deal has an indicated coupon of 27 per cent. It traded at about 973 on the bid side, the level of its total fees.

Baring Brothers said it was \$100m seven-year bond for Baring Brothers said it was North American Philips Cor- arranging a \$50m placement of Statistics and process of the statistics of floating-rate notes due 2001 for Baring Brothers. This is a further issue of \$100m notes issued in January.

The Swiss franc market traded comparable US Treasury bonds slightly more firmly in low volat launch. This bond was quoted at discounts around the level of its total fees.

Merrill Lynch Capital Markets issued 160,000 two-year warrants priced at \$19 each exercisable into a Citicorp 8 per support of the substitution of the substitution

Two Japanese companies franc market. The SFr 100m issued equity related debt. Mitsui Trust and Banking issued a \$100m convertible bond issued a \$100m convertible bond led by Mitsui Trust Inter in the Eurobond led by Mitsui Trust Inter- the level at which the stock some months, national. The 15-year deal has closed and the exchange rate

Six French franc issues slated

EUROBONDS issued by Dome Petroleum, the ailing Canadian oil company, were marked down sharply in price yesterday following Dome's announcement ing August only three issues, totalling FFr 1.85bn, were launched. that it was asking holders to waive principal and interest

payments until at least Febru-Bonds which had changed hands at prices of around 70 before the announcement were quoted at around 45 yesterday, although dealers stressed that

Bear, Stearns International Limited

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they had traded only sporadic ally and on a negotiated basis Dome's announcement has highlighted the risks of invest-ing in lesser-rated North American borrowers, but had no impact on this segment of the Eurobond market yesterday, or

on Canadian bank issues. Some dealers felt that prices should be quoted without accrued interest, in case investors lost such interest if the were not agreed to.

NEW ISSUE

been approved for issue during September by a committee of bankers and Treasury officials French bankers said yesterday that this schedule represents a return to normal issuing volume of about one issue a week. Dur-

September's total includes a poration launched on Monday. No floating-rate notes are This should be followed by a deal for the partly state-owned Roussel-Uclaf, the pharmaceu-

SIX Euro-French franc issues ticals company, which Credit to money-market rates, were totalling about FFr 3bn have Commercial de France is ex-launched during August. The pected to lead. Eurofima, the European rail-way financing entity, should be

the next issuer and an unspecified French private company should follow. Credit Commer-cial de France is expected to launch a deal for Finnish TVO Power Company and an equitylinked issue for a foreign bor-rower should complete the FFr 600m deal for Australian calendar. All five issues should industrial Development Corbe for about FFr 500m.

second of these, a FFr 750m seven-year deal for Statoil, which paid interest at a point over three-month London interbank offered rate, met an indifferent response

The floating-rate note sector of the market is, however, likely to expand since French bankers said yesterday that the Euro-French franc committee is expected to consider allowing months. Arrangements for listin Paris as well as Luxembourg

Swiss engineer raises first-half sales

the first half of this year, an in-crease of 6 per cent over the This year's turnover increase

ing group, reports consolidated with an army tank series. With-sales of SFr 646m (\$394m) for out this orders would have risen

crease of 6 per cent over the corresponding 1985 period.

At the same time, new order intake dropped by 15 per cent machinery and plant division to to SFr 694m. However, this reflects the booking last year of a period. At the same time, sales

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Westdeutsche Landesbank Girozentrale

Morgan Guaranty Ltd

the Middle East.
For the full year the paren

SEPTEMBER, 1986

VON ROLL, the Swiss engineer-large single order in connection of casting and pipe dropped 3 ing group, reports consolidated with an army tank series. Withput cent to SFr 133m, partly besales of SFr 646m (\$394m) for out this orders would have risen cause of sluggish pipe sales to

which compared with F1 66.8m. Growing competition in yeast and enzymes, the staples of Gist-Brocades' product line, kept profit margins under pressure. Revenues shrank slightly to Fi 917.2m in the period from company expects all divisions except Monteforno, to show in Fi 918.2m on a stronger guilder and stagnating. sales creased profits. In 1985 the group had earnings of SFr 14m following a SFr 9m loss in 1984. of the traditional dried yeast,

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Sharp improvement in net earnings for Montedison

MONTEDISON, the Italian L113bn of consolidated net the first half were L877bn chemicals energy and pharma-profits, the first surplus after a against L721bn last year. The ceuticals group which is the decade of losses. group shed 2,309 workers in the second largest private sector. The Milan-based group's six months and had a total activities and pharma-ceuticals group which is the second largest private sector company in Italy after Flat, yesterday unveiled a sharp im-provement in its net profit perprovement in its net prom per-formance for the first half of this year. Consolidated group net profits for the six months to June totalied L227bn (\$162m), against L16bn in the first half of 1985.

it acquired AEG.

Daimler recently sold its stake—held via its 25 per cent shareholding in an industrial come to L200bn, against a loss of L22bn last year. For all of 1985 Montedison managed mgs, the Australian mining group.

MIM. with which Metall-geselfshaft is associated in various joint mining and trading activities, has retained a I per cent stake and sold the remaining 3 per cent

The Milan-based group's consolidated turnover, however, showed a drop of 9.5 per cent in the six months to L6,489bn. Total group indebtedness rose meanwhile, from LA,988bn last December, to L5,050 Mr Mario Schimberni, Mont-

(\$162m), against L16bn in the edison chairman, predicted that total debt would fail to After adjusting for minority interests, half-year net profits this is L1,000bn higher than be was predicting only a few months ago. Group operating profits in

workforce of 67,344 at June 30. The decline in turnover was attributed to the drop in petrochemical prices and the weak-ness of the US dollar, which hindered exports. Montedison's energy division was the hardest hit, suffering a 26 per cent fall in turnover to LI,280bn. Agroindustrial division sales declined by 24 per cent to L413bn and the petro-chemicals and plastics division had turnover of L1,191bn a fall of 22 per cent.

Tung signs agreement for \$120m capital injection

BY OUR FINANCIAL STAFF

The funds, promised by Mr Fok several months ago as part of the Tung group's extensive financial restructuring, will be put towards the new container shipping division and will also help pay for 12 vessels under order from Japanese shippards. Treelane, a privately-held company controlled by Mr Fok, is to place US\$100m into Orient Overseas (International), formed as a holding company

for the container operations. The remaining US\$20m will be injected into Overseas Chinese Maritime, a company specially formed to finance the ship The agreement signed with Mr Fok, who is widely believed to have financial backing from

China, will give him a 35 per ent stake in the new container shipping operation.
A statement from Tung said the funds from Treelane would

064, 1034, 1054, 1054, 1074, 1224, 1074, 1034, 1034, 1054, 1054, 1054, 1054,

C. H. TUNG, the financially plete for the restructuring of hard-pressed Hong Kong shipping group, has signed an agree-use of ment with Mr Henry Fok, a Hong Kong businessman, which will lead to a capital injection understood last night to have the majored to the property of the majored to the property of the property

At the end of July, Tung arranged a US\$275m loan arranged a USE275m loan from a syndicate of banks in order to finance the ship purchases. These purchases, together with the reorganisation of the group into four new divisions, form part of the rationalisation of Trans. Hang rationalisation of Tung-Hong Kong's second largest shipping company—envisaged under re-scheduling proposals already circulated to creditors.

Obstacles still appear to stand in the way of agreement on the restructuring. Some of the Japanese shipyards building the vessels Tung wants to buy have yet to respond to the company's requests that prices should be reduced In addition, Tung still faces legal action by Credit Commercial de France, the nationalised French bank which is a rela-tively minor creditor, objecting to the terms offered under the be paid over once arrangements draft agreement to unsecured

Norwegian ship manager sees second-half rise

By Fay Gjester in Oxlo LEIF HOEGH & CO., a Norwegian ship management com-pany, says the operating result of the fleet it manages—owned by several independent shipowning companies—was slightly lower in the first half of 1986 than a year earlier.

An improvement is expected in the final six months because of better market conditions, par-ticularly for the OBO fleet. The half-year figure, before depre-ciation, financial charges and profits from asset sales, \$42.4m, compared with \$44.4m in first half 1985.

Full-year operating profits are forecast at about \$100m, against \$88.9m in 1985. At the end of June this year, the fleet managed by Leif

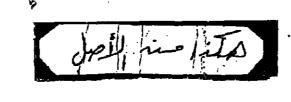
Rough comprised 41 vessels three of which were on time charter for longer than 12 months. This is three ships fewer than a year earlier and reflects the sale of older vessels. The market value of the June 1986 fleet, including the value of the charters, is put at NKr 2.1bm (\$289m) compared with NKr 3.4bn for the larger

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Oil and electronics hold back Brammer growth

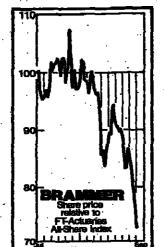
DIFFICULT CONDITIONS in the oil sector and the electronic tomponent market held back the first balf profits of Brammer to £6.13m — a rise of £420,000 over the corresponding period of 1985.

On the stock market yesterday the shares were marked down 20p in early dealings, but later recovered 10p to close at 283p.
Mr John Head, chairman, said profits from those two sectors were down by £900,000, leaving the operating balance from the rest of the group, excluding rental companies, wheel he to be a sector of the group. ahead by 10 per cent.

Trading patterns experienced by the operating companies in the six months had continued into the third quarter, he

He continued to be confident of the growth potential inherent in the group's particular specia-lised sphere of industrial ser-vices, enhanced with the addition of the Energy Services and Electronics (ESE) rental companies, acquired in June 1985. Mr Head pointed out that the 1986 half year had been augmented by profit from ESE, whereas last year included £700,000 operating profit from Brammer Transmissions and Russells Rubber, which were sold in December.

Group turnover for the period came to £51.2m, against £46.6m, and the operating profit worked through at £6.57m (£5.47m).



and the interim dividend is held at 4.5p net, absorbing £1.9m ESE electronic equipment rental companies advanced their rental income by over 20 per cent compared with last

E8.13m, compared with increasing it to £5.71m.

Earnings were 9.2p (11.4p)

Per share on increased capital

Oh Tool the second half, the on the reduced forecast earnings look likely to stall and the prospective multiple is now a more suitably modest 12i.

prices severely reduced sales volume. Effective action had been taken to minimise the effect but at current solumes. the companies were operating at just below break-even.

The low level of activity experienced by United in the second half of last year continued. Business was still exceptionally competitive in the electronic component market with a further erosion in gross margins resulting in break-even at the operating profit level.

comment

The market was disappointed with these figures from Brammer and forecasts for the year have been cut by £2m to £15.25m pre-tax, which is only about £1m ahead of 1985's comparable figure, The slimmeddown ESE is doing better than wash its face after interest charges and BSL is ahead but the problems are in the rest of the group's activities, Manufacturing has never been a Brammer strong point and that Brammer strong point and that remains the case. It is also unyear, and operating profit clear just how Brammer expects to take on the fragmented US oil pumps market successfully ventures in Italy, Denmark, and Switzerland.

Bearing Service, in difficult market conditions, topped the profit achieved last time by surther broadening its product range and increasing market share.

The precision engineering tremains the case. It is also unclear just how Brammer expects to take on the fragmented US oil pumps market successfully or to distribute electronic components profitably when many others are having problems doing so. The shares, down 10p at 28%p, have lost all of their takeover speculation shine since Bunzl retired hurt. Any new bidder would have to recognise that distribution is very firmly However, there was a net interest charge of £437,000 (credit £237,000) which pulled back the pre-tax profit to £6.13m, compared with increasing it to £5.71m.

Source.

The precision engineering that distribution is very firmly division made a slow start to the standard to the year and did not achieve that therefore to attempt a takeover without managerial agreement would be an error. On the reduced for the second half, the

Western Motor profits doubled

the first termination of the second of the

PRE-TAX profits for the slimmed Western Meter Holdings more than doubled in the first half of 1986. However, because of the volatile nature of its business, directors were disjusted in a surplus of \$1.2m, representing an increase of \$50,000 and mimority per outcome adding that dividends unwilling to forecast the full test and preference dividends at the year-end.

On introver up at \$5.1m three is sign on the previous of \$5.2m, one out of \$5.2m, one in the paceng through stock as been erticlesed for releasing such a small proportion that the quity. According to the equity. According to the

Wickes soars by 88% at halfway

WICKES, the USM quoted building materials and DIY retailer, announced yester-day that it had increased pre-

In the six menths to July 26, Wickes' turnover rose by 29 per cent to £86.9m and operating profits by 24 per cent to £2.93m. Earnings per share increased from 3.8p to 5.5p, and the directors have declared a net interim divi-dend of 0.83p a share.

The intenseley competitive The intenseley competitive climate of the DIY retailing sector made it impossible for Wickes to increase prices in the first half of the year. Nonetheless, through tight control of costs it did succeed in improving trading rearrants.

ceed in improving trading margins.

"We were unable to increase prices, but because of an increase in our volume sales, we were able to go to our suppliers and negotiate for better prices," said Mr Henry Sweetbaum, Wickes' chairman and chief executive.

"And as volume sales in-"And as volume sales in-crease further we will be able

Most of the growth in Wickes' profits came from the Wickes profits came from the UK division. The Belgian modest growth in profits, bowever, while the Dutch division moved into trading profit in the second quarter after a sluggish start to the year. Although Wickes had a troubled flotation in January —when its offer for sale was undersubscribed — the share price rose to a premium afterwards and has risen steadily ever since. On the result's announcement yesterday, it rose by 7p to 183p.

ISSUE NEWS

Singer group comes to market

THE CONTINUING revival of Singer sewing machines is marked today by the publication of the prospectus of European Heme Products the company formed to market the tive earnings per share of 12.5 on the company will retain £11m the present financial year northern Europe and a chain of the retail operation remains to be seen. The problems it faces are enormous: a mature market pany formed to market the tive earnings per share of 13p.

After the decline of the sewing machine market in the late 1970s, the companies that now form EHP fell into losses through the 1980s. They moved into trading profit in August last year after a group of European institutions arouired the loss in the first half of this year although EHP's chief executive, last year after a group of European institutions arouired the

pany formed to market machines in Europe.

EHP will join the stock market in an offer for sale which will issue 10.75m shares, 35 per cent of its equity, at 160p a cent of its equity.

The bulk of the profits were made in southern Europe, from Raly, Portugal and Spain, where EHP markets a wide range of electrical appliances as commend to the profits were made in southern Europe, from Raly, Portugal and Spain, where EHP markets a wide range of electrical appliances as commend to the profits were made in southern Europe, from Raly, Portugal and Spain, where EHP markets a wide range of electrical appliances as commend to the profits were made in southern Europe, from Raly, Portugal and Spain, where EHP markets a wide range of electrical appliances as commend to the profits were made in southern Europe, from Raly, Portugal and Spain, where EHP markets a wide range of electrical appliances as commend to the profits were made in southern Europe, from Raly, Portugal and Spain, where EHP markets a wide range of electrical appliances as commend to the profits were remainder to remainder to prepare the profits were made in southern Europe, from Raly, Portugal and Spain, where EHP markets a wide range of electrical appliances as commend to prepare the profits were made in southern Europe, from Raly, Portugal and Spain, which is the profits were remainder to rem

In northern Europe

in the first half of this year although EHP's chief executive, Mr Douglas Ash, expects both to break even in the second half. last year after a group of European institutions acquired the rights to market Singer in EHP's strategy is to develop a chain of contemporary sewing, knitting and craft shops in

Creighton for USM with near £5m valuation

BY ALICE RAWSTHORN

Creighton Laboratories, a producer of natural beauty products, is joining the USM. The company is staging a placing in order to raise capital to reduce borrowings and expand its production capacity. production capacity.

In the placing, through
Singer & Friedlander with
Stock Beech as brokers,
Creighton will issue Im shares, or 27.3 per cent of its equity, at 130p a share. At the placing price Creighton is capitalised at £4.77m.

Creighton designs, develops,

manufactures and packages beauty products which are based on natural ingredients such as flower seeds, herbs, fruit and vegetables.

The bulk of its sales come from the ratail chain Rody from the retail chain, Body Shop, and natural products group, Crabtree & Evelyn, But it also sells own label products to other retailers and has

developed its own range of branded goods. branded goods.

The company was formed in 1952. But in 1974 was taken over by the retailers Dorothy Perkins, now part of the Burton Group. In 1975 Creighton regained its independence through a management buy-

At that time Creighton sported turnover of just £150,00. Both profits and turnover have grown steadily through the 1980s, to pre-tax profits of £479,000 on turnover of £3.35m in the year to March 31, 1986, "We decided to go public because it was time to raise awareness of Creighton in order to increase sales of our nwn

to increase sales of our own branded products and to stimulate interest from other potential retail customers," said Mr Richard Collard, the

classes of preference shares, the remainder to reduce borrowings and to prepare the company for

The decline and fall of Singer after all, its weakest market and reads like an object lesson in the memory of the Clydebank how not to cherish a brand factory closure lingers on. That name. The US parent company's said, the issue has been priced main mistake was to compound the problems posed by market decline by failing to recognise that a retailing revolution had erupted in Europe. There can be no doubt that the EHP management team has no track record and the renaissance of the retail base has only just be-

need to get to grips with con-cepts like exchange risk man-agement. Yet the rewards are equally high. In many ways it was an odd choice for EHP to agement team has done wonders gun—but the potential is en-for the company's cash control. ormous, if EHP can get it right.

Newage Transmissions share placing at 75p

Newage Transmissions, by Charter to the financial holding company. In 1984 a management buy-out from Charter house created the industrial holding company, Paragon. The following year Newage's management staged a buy-out of management stage its own from within Paragon.

Newage's trading record through the 1980s has been erratic. In the early 1980s it suffered both from difficult trading conditions and bad debt problems, but has since true its attention to acquisite problems, but has since turn its attention to acquisi-recovered to produce pre-tax tions. According to Mr Fisk, the profits of £782.000 on turnover of £8.63m in 1985. In the placing, through stock-

a brokers Capel-Cure Myers Newage Transmissions, a brokers Capel-Cure Myers, nanufacturer of gearboxes and axles, is coming to the USM through a placing which will value the company at £8.78m.

The company was founded in the 1930s, when it traded as PR Motors. In 1966 it was acquired by Charterhouse, then an industrial and financial holding company in 1984 a manage-

company is already considering potential purchases within the engineering field.

All of these securities having been sold, this announcement appears as a matter of record only.

\$400,000,000

The Gabelli Equity Trust Inc.

40,000,000 Shares Common Stock

Shearson Lehman Brothers Inc.

Gabelli & Company, Inc.

charges and a contribution of £1.7m from recently acquired Martonair International, helped IMI, the metals and engineering group, lift its profits from £22.6m to £30.5m pre-tax for the first half of 1986.

Furthermore, in addition to profits attributable to Marton-air, the directors said they were looking for better results in the second half than those returned for the first six months despite a flattening of demand

in some business areas.

Although they were looking for a more even split between the two halves following the sharp rise in profits experi-enced in the second six months of 1985, the directors did not seem unhappy yesterday with City estimates suggesting figures of between £70m and £72m for the full year, up from

1985's record £57.8m. First half turnover declined from \$404.3m to £383.2m. The fall here mainly reflected lower copper prices and translation of overseas sales at lower ex-

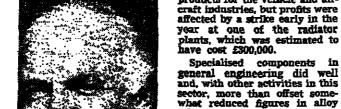
A divisional breakdown of A divisional breakdown of turnover and pre-tax profits shows: building products £86m (£7.8m) and £4.3m (£1.5m), heat exchange £36m (£40m) and £2.4m (£2.5m), drinks dispense 71m (£7.3m) and £6.8m (£7.3m), fixed power (including Martonair) £57m (£44m) and £7.3m viously.

Market conditions for most of (£5m), special purpose valves £22m (£20m) and £2.1m (1.6m), general engineering and other improved and the companies activities 40m (£43m) and here continued to benefit from £3.8m (£2.5m) and refined and rationalisation measures taken wrought metals £104m (£187m) previously.

and £6.1m (£4m). In heat exchange, good results
There were losses of £2.3m were achieved from aluminium

Padang Senang Holdings, an investment company with interests in rubber and oil palm production, earned £32,591 pretax, against £39,635, for the six months to end-March 1986.

Padang Senang



Sir Robert Clark, the

(£1.5m) for items not attributable to specific class of business. Intra-group sales amounted to £33m (£36m). Martonair's sales totalled £13m—the company's results were incorporated from mid-April.

Group interest charges fell from £5.9m to £2.7m. Tax accounted for £8.5m (£7.8m) and left earnings 2.1p ahead at

Market conditions for most of the group's building products improved and the companies here continued to benefit from

KIO has 14.6% of TI

Hargreaves **buys 25%** of Reed **Holdings**

Increased profits were achieved in special purpose valves, mainly through higher sales to the chemical industry.

Growth in drinks dispense

continued strongly in the UK and Europe although in the US, the market was more difficult and the results were also

effected by the weakness of the

Results in refined and wrought metals reflected continued demand for titanium—the group is the UK's only producer. Mr Garry Allen, group managing director, yesterday forecast another good second half for this sector because of trong demand from the sector.

strong demand from the aero-space industry.

He pointed out, however, that

demand was not likely to be as

spectacular as the very strong final quarter for 1985.

The fluid power activities

benefitted from further growth and from the acquisition of Martonair. The directors said

that since acquisition they have

made significant progress to-wards integrating Martonair

with the group's existing fluid power activities, although the benefits would not flow through

Hargreaves, the fuel-processing, transport and quarries group contesting a £82m bid from Coslite, last night announced it was buying a 25 per cent stake in Reed Holdings, a privately-owned solid-fuel distribuor based in Manchester.

The stake is to be bought at cost of £2.75m in cash. But Hargreaves will have an option to buy the balance of shares in Reed at a further cost of £7.75m within the next 12 months. There is provision for the period to be extended under the terms of yesterday's agreement. Reed made £1.3m pre-tax profits on £56.9m turnover in the year ending last December.

Mr Douglas Payne, Hargreaves finance director, said Coalite and its merchant bank advisers. Morgan Grenfell, had been informed of the intended purchase. Morgan Grenfell confirmed this and said Coalite. which has interests ranging from fuel manufacturing to sheep farming in the Falklands, welcomed the deal.

Discussions with Reed had begun before Coalite launched its bid at the end of last July. "We see the purchase as a way of developing our solid-fuel activities in the UK and in Europe," said Mr Payne.

Hargreaves held discussions with the Takeover Panel before yesterday's announcement. Under Panel rules, a company involved in contesting a take-over bid is not allowed to buy or sell assets amounting to more than 10 per cent of its gross

assets.

Hargreaves, with £90m gross assets on its last published balance sheet, received the go-ahead from the Panel. However, Mr Payne said the decision to take only a minority stake in Reed reflects the constraints of Panel rules. Hargreaves, based in York-shire, has also been subject to bid rumours concerning Ocean Transport and Trading. Last week, the New Zealand entre-preneur, Mr Ron Brierley, launched a cash offer for cashrich OTT with the proviso that it did not issue new shares for an acquisition. This would cover OTT's reported interest in Hargreaves.

Lest week, Coalite was given permission by the Panel to delay posting its offer document

Exco profits hit by £9m provision Exco, the international finan- March by WICO, the group's £49.4m to £42.9m for the same

cial services group, made a pro-vision of £9.1m in its interim Far East which settled a £29m results to cover losses arising deal in Japanese railway shares from a default by a Japanese customer earlier this year.

As a result, the group's pro-fits for the first half of 1986 announced yesterday only a small increase. showed Net profits after tax and the

exceptional item were £18.1m, up from £17.1m in the first half of last year. This was equiva-lent to 7.7p per share, up from

Exco said that results gefore the special provision amounted to net profits of £27.1m, or 11.6p per share, an increase of 58 per cent. The interim dividend is being increased by 50 per cent to 2.4p a share.

The results were broadly in line with expectations, and Exce-

line with expectations, and Exco shares closed at 234p, up 1p. The .olss was registered in

firm has recovered about £20m from the transaction, and hopes to recover more. But it said yesterday that the £91m represented "full provision by WICO against the remaining amount and costs." Comparisons with the first

for a customer who defaulted.

half of last year were compli-cated by Exco's sale in August 1985 of its 52 per cent interest in Telerate, the US market information service. This sharply reduced the

group's total turnover to £73.4m in the first half of this year, compared to £128.9m in the same period last year. Pre-tax profits were also down from

However, buoyant markets for the company's services boosted operating profits, particularly in money broking in which Exco engages in most of Although WICO retained possession of the shares, their value in the market fell. The the world's leading financial centres, and which provides a third of the profits.

Mr John Sangster, the chairman, said: The excellent trading regular subjected in the first

ing results achieved in the first half have been sustained in July and August. "The group remains highly liquid and is pursuing a strategy

of active development of its existing businesses in which ensuing dusinesses in which over £50m has been invested this year. In addition we are actively seeking suitable acquisition opportunities."

The group's cash resources exceed £300m, most of it the proceeds from last year's sale of the Telegraphic state.

of the Telerate stake.



Mr John Sangster, chairman

Tanks lifts offer for Elbar

Tanks Investments UK which price and has agreed to buy a Grant, Elbar chairman, had owns 73.9 per cent of the loss-further 253,842 which together withheld material information relating to the 1985 accounts tor Elbar Industrial has agreed per cent. to more than double its cash. The new offer values the offer for most of the remaining whole share capital of the

Mixed return

leaves Ropner

lower midway DEPRESSED RESULTS from

garden products, insurance broking and shipping offset

gains elsewhere, in the Ropner group and first-half pre-tax profits fell from £3.97m to £2.67m.

And present indications were that the profit for the next six months would not be very different from that being re-

ported, chairman Mr Jeremy Ropner forecass. For the whole of 1985 the group made £6.4m

on a turnover of £57m.

Mr Ropner reported that engineering lifted its profit from £1.49m to £1.8m, with Storad heaters contributing a

narked increase, while property development moved up from £33,000 to £312,000 reflecting

volume but the lower value of the dollar reduced the sterling

income. With a lower contribu-tion from bloodstock insurance

and substantial start-up costs of the recently formed New York

Guinness repays

£86m loan stock

Guinness yesterday announced it was seeking to pay back loan stock valued at £86.3m issued by Arthur Bell and Distillers—

both acquired by Guinness dur

ing the past year. Senior executives described

the move as a routine post-acquisition clearing up opera-tion. The loan stock to be re-

paid represents less than 10 per cent of its total debt, which cur-

LADBROKE INDEX

1,338-1,344 (---5) Based on FT Index Tel: 01-427 4411

By David Goodhari

offer for most of the remaining shares.

TIUK, a subsidiary of Societe The main beneficiaries of the Generale de Belgique, offered Top a share for the outstanding share capital of Elbar on April 15. However following negotiation with the Independent 19 per cent of Elbar shares directors of Elbar and their financial advisers, Robert Fleming, TIUK is now offering 150p a share.

TIUK has already bought 644,463 shares at the higher of Societe Trust — speaking for just over at the same meeting in May.

At the same meeting they closes partly stemming from what the group's auditors, Coopers & Lybrand, described as a failure by a subsidiary to keep proper books of account for more than one year.

TI Securities, a wholly-owned as a failure by a subsidiary to keep proper books of account for more than one year.

TI Securities, a wholly-owned as a failure by a subsidiary of TIUK, will be which opposed the initial Tanks and the Elbar share capital at 150p a share. Elbar's listing the shares at the higher to complained that Mr Peter 150p.

losses partly stemming from what the group's auditors, Coopers & Lybrand, described

Clarke Hooper beats its

was an exceptional credit of £87,000 to make £912,000. Turnover was on line with the forecast at £7.36m., against £4.78m. The chairman said the market for sales promotion and design remained buoyant and he saw

higher rental earnings.

Marine insurance and reinsurance broking increased in established clients and through mr Robert Maxwell. the new business. Sales promotion publisher, who opposed the deal campaigns achieved excellent campaigns achieved excellent was too high. the recently formed New York subsidiary, that accounted for a sharply reduced profit, from £599,000 to £80,000.

Reduced value of the dollar earnings of Salmonpool, Kirkby and Kestrel largely accounted for a drop in shipping profit to £633,000 (£967,000).

The interim dividend is unchanged at 2.5p net.

campaigns achieved excellent business results.

Owls, the design and art studio subsidiary, more than doubled its contribution with a profit of £108,000 (£52,000), as turnover increased by 68 per cent to £699,000.

Excluding the exceptional

were year and best (£134,000), earnings were 7.4p (£134,000), earnings were 7.4p (£134,000), earnings were 7.4p (2.2p) per share.

As noted in the prospectus, there is no dividend for the year ended April 30, 186, advanced to £845,000, comparing with £275,000 earned in the previous year and with some £820,000 forecast.

In addition for the year ended April 30, 186, advanced to £845,000, comparing with £275,000 earned in the previous year and with some £820,000 forecast.

Extel, the financial inform

Extel, the financial informa-tion group, yesterday said it had been assured by the joint scrutineers, Deloitte Haskins & Sells and the Royal Bank of Scotland that the votes cast, by proxy and by those present, were remained buoyant and he saw significant opportunities for profitable long-term growth in existing businesses and in related marketing services. He viewed with confidence the company's ability to take full advantage of opportunities.

For Clarke Hoop 'x Consulting it was a year of unprecedented growth. The sales promotion consultancy increased revenue through additional work for established clients and through new business. Sales promotion campaigns achieved excellent

GREENWICH	RESOURCES
said Robertson	Research Inter-
national had	sold 500,000
ordinary snares	to 2.04m (9.4
per cent).	10 T.OHIT (214

DIVIDENDS ANNOUNCED

	Current	Date of	Corre- sponding	Total for	Total last
	ayment :	payment	div.	year	year
Brammerint	4.5	Oct 23	4.5		12.5
Evans Halshawint	10.72	Oct 14	_		
Exce Intlint	2.4	Oct 17	1.6		4.2
Hymanint	0.75	Oct 27	0.75		1.5
DKIint		Oct 20	2.2	_	5.25
Norank Systemsint	11.5	Oct 2		_	—
Palmersten Inv	4	V.[2	3	5	4
Ropnerint	2.5	Dec 31	2.5	<u> </u>	
Sharpe & Fisherint					6.5
		Oct 31	0.61	_	2.33
Stat-Plusint	2	Oct 1	1	_	2.85
Wickesint	0.88‡	Nov 3	-		_

Dividends shown in pence per share except where otherwise stated. *Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. † Unquoted stock. † Special interim. Company intends to pay forecast 3.38p final.

Lopex to restructure its advertising

Lopez, the UK marketing services group which suffered a disappointingly undersubscribed flutation in June, has announced plans to restructure its advertising interests. This is seen as an attempt to win back City favour after much criticism about a lack of structure and synergy between its various subsidiaries.

Negotiations are underway for a management buyout by Kirkwood and Partners, a Lopex sub-sidiary. A phased buyout of Lopex's 76 per cent interest in Kirkwood's advertising agency is expected to be completed by October L. This move comes October I. This move comes after Lopex moved the agency's main client, Solid Fuel Advisory Service, into another of its shops, Lane Advertising. Lopex is consolidating its advertising interests by merging its two wholly-owned subsidiaries, ASL and Lane Advertising into one to be called ASL Lane. This will form part of the £20m ASL communications group which has regional offices in Birmingham, Cardiff and Welwyn.

Commenting on the move, Mr John Castle, chairman of Lopez, said "We had a lot of criticism when we got our list-ing for having too many bits and pieces. Now we're pooling our consumer advertising interests under the one roof. And there are valid client reasons too for having a lot of resources

within one company."

Lopex shares currently stand at 116p, 80p below offer price.

'Open day' for Staffs Potteries Mr John Ashcroft, chairman

of the fast-growing home furnishings group Colorell, is promoting an unusual development in post-accurication ment in post-acquisition industrial relations by giving all the staff at recently-acquired Stafferdshire Potteries a day off

It will not quite be a holiday. however, as the 2,000 staff will have to listen to their new chairman talking about "jobs. growth and vital plans for the future of all the important ceramics industry." according to Coloroll's public relations

company.

The "open day" presentation this Friday at Meir Park—home of Staffordshire Potteries—will be followed on Saturday by a "family fun day" at the same site featuring a circus and the Coloroll-sponsored Red Devils.

Pengkalen

Pengkalen, which has interests in tin mining in Malaysia, reported a pre-tax loss of £10,892, against £27,220, for the six months to end-March 1986.

Turnover amounted to £6,200 compared with £4,864, Loss per share was 0.82p (1.96p).

The company is controlled through Neville Enterprises.

This notice appears in accordance with the requirements of the Council of The Stock Exchange

NORTH OF SCOTLAND INVESTMENT COMPANY pic

PLACING by

CAMPBELL NEILL & CO.

12,000,000 Ordinary Shares of 10p each at 25p per Share

North of Scotland Investment Company pic has been formed to invest principally in unquoted companies representing a wide spread of economic activity in the northern half of Scotland. The Company will be managed by Aberdeen Fund Managers Limited, an established fund management company who are regularly introduced to attractive investments in the region. (It is intended that the Company will qualify as an approved Investment Trust in terms of the Income and Corporation Texas Act 1970.)

25 per cent. of the Shares being placed will be made available to the public through the Stock Market. An application has been made for these securities to be admitted to listing. Particulars relating to the Company are available in the Extel Statistical Services. Copies of the Listing Particulars relating to the Placing may be obtained from the addresses below for 14 days from the date of publication of this Notice Placing may be obtained from the sourcessor below for 17 days from the case of publication of this reduce and from the Company Announcement Office, The Stock Exchange, London EC2 during the two business

> North of Scotland Investment Company pic 9 Queen's Terrace, Aberdeen

Aberdeen Fund Managers Limited, 9 Queen's Terrace, Aberdeen

days following the date of publication of this Notice.

Campbell Neili & Co., Stock Exchange House, 69 West George Street, Glasgow

2 September 1986

investment company with interests in rubber and oil palm production, earned £32,591 pretax, against £39,635, for the six months to end-March 1986. Turnover was lower at £244,928, compared with £313,620, and gross profit fell from £72,698 to £67,014. Earnings per 10p share emerged at 0.34p (0.41p) — interim dividends are not paid. CRODA APPLICATION Chemicals, part of Croda International, has sold its Masterlube business to Freedom Lubricants, a substantial block of shares (12,66 per cent) in TI Group, the Raleigh bikes to Croda cookers engineering business. KIO bought the stake last week from Evered Holdings, the ambitious industrial holding companies. The idea that this makes us vulnerable to a bid is to tally unfounded speculation. Mr Utiger said that Evered had put up a "For Sale" sign on its shareholding many shares (17.4 per cent) last mounting a bid for TI last year. Evered disposed of 10.4m shares (17.4 per cent) isst months ago and yet a big buyer had not come forward. KIO joins Warburg Investment Management with the profit made TBA BELT Technical Excellence in Belting Technology

TAKE A LOOK AT THE FACTS

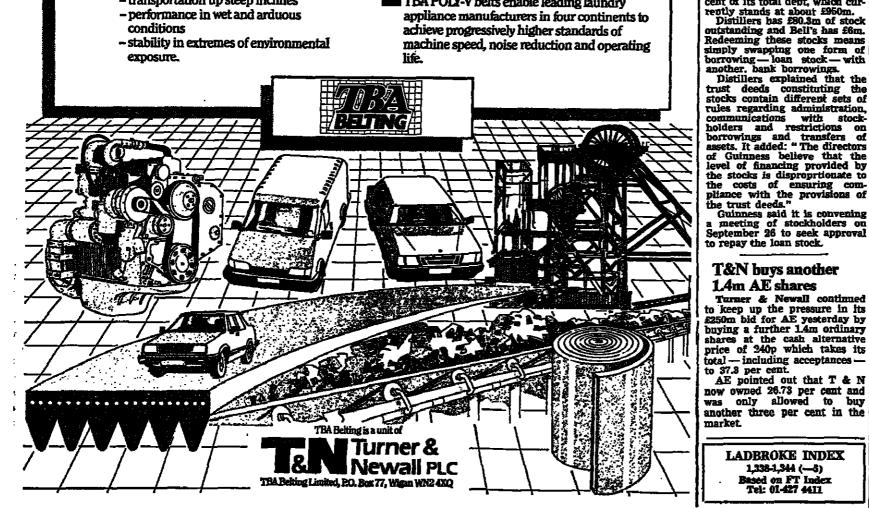
- TBA LOADSTAR conveyor belting meets the highest world safety standards for fire resistance.
- TBA BELTING is a major world supplier to mines, steel works and power plants.
- TBA BELTING is a technical leader in polychloroprene covered conveyor belting providing:-

- full compliance with fire resistance

- high abrasion and wear resistance - transportation up steep inclines - performance in wet and arduous
- conditions - stability in extremes of environmental
- wide through distributors in 40 countries.

TBA power transmission belts are sold world-

- TBA POLY-V belts provide significant technical advantages for all types of power transmission requirements from domestic appliances to heavy industrial plant.
- TBA POLY-V belts are increasingly specified by leading passenger and commercial vehicle manufacturers to replace traditional V type alternator and accessory drives.
- TBA POLY-V belts enable leading laundry appliance manufacturers in four continents to achieve progressively higher standards of machine speed, noise reduction and operating



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Britannia Building Society

£150,000,000

Floating Rate Notes Due 1996 Issue Price 100 per cent.

The following have agreed to subscribe or procure subscribers for the Notes:-

Hambros Bank Limited

Alexanders Discount p.l.c.

CIBC Limited

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Banque Bruxelles Lambert S.A.

Barclays de Zoete Wedd Limited

Baring Brothers & Co., Limited

Credit Suisse First Boston Limited

Crédit Lyonnais Commerzbank Aktiengesellschaft Fuji International Finance Limited

Lloyds Merchant Bank Limited

Samuel Montagu & Co. Limited

Morgan Grenfell & Co. Limited

Prudential-Bache Securities International

Salomon Brothers International Limited

Tokai International Limited

The Union Discount Company of London, p.l.c.

S.G. Warburg Securities

Application has been made to the Council of The Stock Exchange for the Notes constituting the above issue to be admitted to the Official List. Interest will be payable quarterly in arrear in January, April, July and October, except that the first payment of interest will be made in January 1987. The rate of interest for the first interest Period is 9.80 per cent. per annum.

Listing particulars of the Notes and of the Society are available in the statistical services of Entel Statistical Services Limited. Particulars may be obtained during usual business hours on any weekday (public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2P 2BT, up to and including 5th September, 1986 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including 17th September, 1986:—

Britannia Building Society, Leek Head Office, Newton House, Leek, Staffordshire ST13 5RG

de Zoete & Bevan, 25 Firsbury Circus, London EC2M 7EE

Hambros Bank Limited, 41 Bishopsgate, Leadon ECZP 2AA

3rd September, 1986

أراد المنكي وبالموفقة فالموجودة فالمارين

APPOINTMENTS

Changes at British Telecom

Mr Colin Browne has been appointed by BRITISH responsible for the changeover in technologies throughout the group which also encompasses the origination side of the particles, who is retiring. Mr Browne takes over his new post in October. He has been chief executive broadband services since April 1985 and has been responsible for developing British Telecom's commitment to the calls and satellite TV.

But John Hobbs has been appointed to dent. He has been appointed to the origination side of the bank's bond, swap and private appointed to the board of Colin L. Fenichel, vice president, who has relocated from New York, will head a new area in the capital markets group. This wholly-owned subsidiary of F.

But John Hobbs has been appointed of the capital markets group. This wholly-owned subsidiary of F.

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But John Hobbs has been appointed of the capital markets group which also encompasses the origination side of the bank's bond, swap and private appointed to the board of Colin L. Fenichel, vice president, who has relocated from New York, and the capital markets group. This wholly-owned subsidiary of F.

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But John Hobbs has been appointed to the board of Colin L. Fenichely vice president who has relocated from New York. TrainerAnd to succeed Mr Peter Young, director corporate relations, who is retiring. Mr Browne takes over his new post in October. He has been chief executive broadband services since April 1985 and has been responsible for developing British Telecom's commitment to the cable and satellite TV.

British Telecom's commitment to the cable and satellite TV market and furthering the company's drive to promote local broadband networks. Mr Browne's successor as chief executive broadband services is to be Mr Brian Lawrence, currently chief of operations, broadband services. Mr Browne will retain oversight of the strategic development of broadband services.

Following the merging by Hoare Govett of its institutional fund management activities with those of Thornton Management, a wholly-owned UK subsidiary of Thornton & Co. THORNTON INVESTMENT MANAGEMENT has been formed to conduct this business. Mr Richard Thornton has been appointed chairman and business. Mr Richard Thornton has been appointed chairman and chief investment officer, Mr John Patrines becomes managing director, Mr John Hawker, Mr Derek Woodward and Mr Gary Street have been made directors.

Mr Andrew Cameron has been appointed managing director of the Furness Withy Group and was president of the General EXPRESS NEWSPAPERS, publishers of the Daily Express, Sunday Express and The Star. The appointment follows the realgnation of Mr Boger Bowes as chief executive, who is leaving placement, loan distribution and to pursue other interests. Mr BANKERS TRUST INTERNATIONAL has merged its asset placement, loan distribution and loan syndication operations into Cameron, at present deputy chief executive, joined the company in the overall director of Mr 1971 and for the past three years

Mr John Robbs has been appointed to the board of COL-BORN-DAWES NUTRITION, a wholly-owned subsidiary of F. Hoffmann-La Roche and Co. Basle. He was purchasing manager.

Mr Keith Payne has been Mr Keith Payne has been appointed group finance director of DRI HOLDINGS and-additionally, finance director of Newbury Data. Mr Payne was previously vice president finance and business planning for Europe, Africa and Middle East with Singer. Also appointed to the DRI Holdings board is Mr Andrew Baxter in recognition of his management contribution as technical director of Newbury Data since joining in December 1985 from Thorn EMI Data Tech.

ENTERPRISE OIL has a appointed as a non-executive director Mr Stanley Churchfield, who recently retired from the main board of Burmah Oil. He was chief executive of Burmah oil Exploration. Sir Brian Shaw has also joined Enterprise Oil as a non-executive director. He is chairman and managing director of the Furness Withy Group and was president of the General Council of British Shipping in 1985-86.

will be concerned with primary and secondary loan and structured transaction sales and private placements to the bank's clients. Joining Mr Fenichel in this area as vice presidents are Mr Edmund Driggs, Mr Santiago Ruiz-Morales, Mr Yasuo Takashima, Mr Peter Tarari and Mr David Rosser, associate.

Mr Stephen Tucker, formerly European product manager for systems software at DIGITAL RESEARCH, has been appointed director of the company's new European Development Centre.

Mr Tony Nishigaki, deputy managing director of PANA-SONIC UK, is returning to Japan SONIC UK, is returning to Japan to a new assignment in the African Bureau of Matsushita Electric Trading Co. His replacement, Mr Derek Hashiguchi, has served in the Middle East and more recently headed the marketing function in the African Bureau.

Mr Mike Rogers has been appointed managing director of EXPO SYSTEM SERVICE (UK), a new company formed to market the Instand modular system. He was managing director of Market-ing Aids.

Mr Nicholas S. Stagg has joined the LONDON SHOP GROUP as group financial controller.

CONTRACTS

Six-screen cinema complex

A contract to build and build in the UK, the next being fit-out a cinema complex has been awarded to TARMAC CONSTRUCTION. Work starts shortly at High Wycombe, Bucks, on the American-tyle building which will seat 1,600 people and have six screens—with floodlit parking for 300 Ears. The complex is being built on Crest Road, near Junction 4 of the M40, alongside the Crest Hotel and Asda super-jection. The High Wycombe project is the first of a number of cinemas that CIC plans to

A "single source responsibility" design and build approach has been chosen by Langbaurgh Borough Council for phase 2 of the improvement and remodelling of the Spencerbeck Estate, Ormesby, Cleveland, SHEP-HERD BUILDING SERVICE has been awarded the contract, worth £1.5m, which will provide 66 new or refurbished homes. Phase 2 involves demolition of 50 dwellings, the refurbishment of 44 dwellings and construction of 22 homes, together with external works. The scheme provides for 12 types of two-three and four-bedroom houses, two-bedroom bungalows and onetwo-bedroom bungalows and one-bedroom flats to be grouped round four culs-de-sac. The pro-ject is scheduled for completion in September 1987.

MYTON, a member of the Taylor Woodrow Group, has started work on a £4.9m project for the Property Services Agency (directorate of civil accommodation) for the renovation of buildings and construction of units in a 22-building project at the Building Research Establishment Garston. Herts. The ment, Garston, Herts.

Tarmac has won further projects worth nearly £6m. Two of the largest are in the West Midlands where the company has a £1.7m contract for a road and associated works at Westwood Business Park, Coventry, for Coventry City Council, and a £1m contract for a factory at Daventry, Warwickshire, for Isotron. At Chesterfield, Kent, the company has a £1.1m contract for alterations to a road, and estate roads and drainage programme of research into timber and components being transferred from Princes Risborough Laboratory to Garston, and for the refurbishment, after the removal of asbestos, of the main materials science laboratory at Garston. The work is scheduled for completion in summer 1987.

Particulars of the Stock have been circulated in the Extel Statistical Services Ltd., and copies will be available, for collection only, during usual business hours until 4th September, 1986 from the Company Announcements Office of The Stock Exchange,

London EC2. Copies may also be obtained during normal business hours up to and including 18th September, 1986, from Seymour, Pierce & Co.,

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

Portsmouth Water

Company

Placing of £8,000,000

10% per cent. Redeemable Debenture Stock, 1996 at £100 per cent. (£10 per cent. paid)

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List. The Stock will rank for interest pan passu with the existing Debenture Stocks

will rank for interest pass passes that the Council of the Congary, in accordance with the requirements of the Council of the Stock Exchange £800,000 of the Stock is available in the Market on the date of Publication of this Advertisement.

10 Old Jewry, London, EC2R 8EA or from the Company's principal office, West Street, Havant.

3rd September, 1966

GRANVILLE

Granville & Co. Limited 8 Lovat Lane London EC3R 8BP

Telephone 01-621 1212 Member of Fimbro

Gross Yield Fully Price Change div.(p) % Actual taxed High Low Company

148 118 Ass. Brit. Ind. Ord.
151 121 Ass. Brit. Ind. CULS...
125 43 Alrepring Group
46 28 Arminage and Rhodes...
186 108 Berdon Hill
201 75 CCL Ordinary
201 75 CCL Ordinary
202 CCL Ordinary
203 Carborundum Ord.
204 80 Carborundum Ord.
205 CCL Ordinary
206 CCL 11pc Conv. Pf.
207 Carborundum Ord.
208 Carborundum Ord.
209 Frederick Parker Group
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215 50 Georga Blair
216 156 forup
217 221 Jackson Group
218 156 forup
219 James Burrough popPl.
25 James Burrough popPl.
26 John Howard Group
270 28 Record Ridgway of DepPl.
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NOTICE OF REDEMPTION

To the Holders of

COCA-COLA INTERNATIONAL FINANCE NV.

11%% Guaranteed Notes due 1989

NOTICE IS HEREBY GIVEN to the holders of the outstanding 114% Guaranteed Notes due 1989 of Coca-Cola International Finance N.V. (the "Company") that, pursuant to the provisions of Section 6 of the Fiscal and Paying Agency Agreement dated as of October 1, 1982 among the Company, The Coca-Cola Company (the "Guarantor"), and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 5 of the Terms and Conditions of the Notes, the Company has elected to redeem on October 1, 1986 all of its outstanding Notes at a redemption price of 101.5% of the principal amount thereof plus accrued interest to the redemption date.

price of 101.5% of the principal amount thereof plus accrued interest to the redemption date. Payments will be made on and after October 1, 1986 against presentation and surrender of Notes with coupons due October 1, 1987 and subsequent coupons attached in U.S. dollars subject to applicable laws and regulations, either (a) at the office of the Fiscal Agent in New York Ciry. or (b) at the main offices of the Fiscal Agent in London, Brussels and Frankfurt, Swiss Bank Corporation in Basle and Zurich, and Banque Generale du Luxembourg in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account maintained outside the United States and its possessions or by transfer from a dollar account maintained outside of the United States and its possessions to a dollar account maintained by the payee outside the United States and its possessions to a dollar account maintained by the payee outside the United States and its possessions.

States and its possessions.

Coupons due October 1, 1986 should be detached and collected in the usual manner.

From and after October 1, 1986 the Notes will no longer be outstanding and interest thereon

From and after October 1, 1986 the Notes will no longer no outstanding and anterest increases shall cease to accrue.

Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to provide us with, and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

Development Bank de développement (An agent of Her Majesty in right of Canada) de développement (Mandataire de Sa Majesté du Chef du Canada)

Dated: August 26, 1986

Federal Business

This advertisement complies with the requirements of the Council of The Stock Exchange.

COCA-COLA INTERNATIONAL FINANCE N.V.

Banque fédérale

6,600,000 Units



Units consisting of 6,600,000 Non-Convertible Savings Shares of Fiat S.p.A. and Warrants to Purchase 660,000 Common Shares of Comau Finanziaria SpA

Shearson Lehman Brothers International

EBC Amro Bank Limited

McLeod Young Weir International Limited

The Nikko Securities (Europe) Co. Ltd.

Svenska International Limited

August, 1986

Société Générale

R. Nivison & Co., 25 Austin Friars, London EC2N 2JB

Bank of Montreal. 9 Queen Victoria Street, London EC4N 4XN

Canadian \$100,000,000 9% Notes due September 16, 1989 The following have agreed to subscribe or procure subscribers for the Notes: Wood Gundy Inc. McLeod Young Weir International Limited Orion Royal Bank Limited Banque Nationale de Paris Crédit Lyonnais **Dominion Securities Pitfield Limited Morgan Guaranty Ltd** Nomura International Limited Toronto Dominion International Limited Union Bank of Switzerland (Securities) Limited Application has been made to the Council of The Stock Exchange for the Notes, issued at 100%% per cent., to be admitted to the Official List, subject only to the issue of the temporary global Note.

Interest on the Notes will be payable in arrear on September 16, beginning September 16, 1987. Particulars of the Notes and the Issuer, in the form of an Extel Card, are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including September 5, 1986 from the Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2 and up to and including September

Wood Gundy Inc., 30 Finsbury Square, London EC2A 1SB

Citicorp Investment Bank Limited

Banque Bruxelles Lambert S.A.

Daiwa Europe Limited

Commerzbank Aktiengesellschaft

Goldman Sachs International Corp.

The Nikko Securities Co., (Europe) Ltd.

Swiss Bank Corporation International Limited

UK COMPANY NEWS

Interim Report

for the Half Year to 30 June 1986

	1986 First Six Months £ million	1985 First Six Months £ million	1985 Year £million
Turnover	383.2	404,3	766.2
Trading profit	31.9	27.0	63.7
after charging depreciation	10.2	9.6	18.9
Income from fixed asset investments	1.3	1.5	3.2
Net interest payable	(2.7)	_(5.9)	(9.1)
Profit on ordinary activities before taxation	30.5	22.6	57.8
Tax on profit on ordinary activities	(8.6)	<u>(7.8)</u>	(17.2)
Profit on ordinary activities after taxation	21.9	14.8	40.6
Applicable to minority shateholders of subsidiaries	(0.2)	(0.3)	(0.5)
Profit applicable to shareholders of IMI pic before extraordinary item	21.7	14.5	40.1
Extraordinary loss after taxation	_=		(2.8)
Profit applicable to shareholders of IMI plc after extraordinary items	21.7	14.5	37.3
Earnings per share (excluding extraordinary items)	7.5p	5.4p	14.9p
The half year results shown above are unendited. The results for which here been delivered to the Registrar of Companies.	the full year 1985 are ab	cidged from the ev	dited accounts

The Directors have declared an interim dividend for the current year at the rate of 2.5p per share (1985: 2.2p per share). This dividend will absorb £7.9 million (1985: £5.9 million) and will be paid on 20th October 1986 to shareholders on the Register on 25th September 1986.

BRIEF REVIEW OF ACTIVITIES The analysis of turnover and profit on ordinary activities before taxation by class of business is set out below.

	1986		1985		1985	
	First Six Months		First Six Months		Year	
Building Products	Turnover £m 86	Profit £m 4.3	Turnover £m 83	Profit £m 1.5	Turnover £m 169	Profit £m 7.7
Heat Exchange	36	2.4	4 0	2.5	77	4.9
Drinks Dispense	71	6.8	73	7.0	130	12.5
Fluid Power	57	7.3	44	5.0	85	11.2
Special Purpose Valves General Engineering	22	2.1	20	1.6	38	4.2
(and other activities)	40	3.8	43	2.5	83	8.6
Refined and Wrought Metals	416	6.1 32.8	137	4.0 24.1	<u>251</u> 833	11.9 61.0
Items not attributable to specific class of business	_	(2.3)	_	(1.5)		(3.2)
Intra-Group Sales	383	30.5	(36) 404	22.6	766	57.8

The results of Martonair have been incosporated (in Fluid Power) from 17 April 1986 and contributed £13.0 million of sales and £1.7 million of pre-tax profit in the first half of 1996,

First half pre-tax profits of £30.5m were 35% higher than those reported last year. Lower sales mainly reflected lower copper prices and translation of overseas sales at lower exchange rates. Compared with the

Market conditions for most of our building products improved and we continued to benefit from rationalisation measures taken previously. In heat exchange we achieved good results from aluminium products for the motor vehicle and aircraft industries, but profits were affected by a strike early in the year.

Our specialised components in general engineering did well and, with other activities in this sector, more than offset somewhat reduced figures

We achieved increased profits in special purpose valves, mainly through higher sales to the chemical industry.

Growth in drinks dispense continued strongly in the UK and Europe. The US market was more difficult and results were also affected by the weakness of the dollar.

Results in refined and wrought metals reflected continued demand for

Our fluid power activities benefited from further growth and from the acquisition of Martonair. Since acquisition we have made significant progress towards integrating Martonair with our existing fluid power activities although the major benefits will not flow through until 1987. In addition to profits attributable to Martonair, the Board expects better results in the second half than in the first, despite flattening of demand in some business areas.

BUILDING PRODUCTS, HEAT EXCHANGE, DRINKS DISPENSE, FLUID POWER, SPECIAL-PURPOSE VALVES, GENERAL ENGINEERING, REFINED AND WROUGHT METALS IMI pic, P.O. Box 216, Birmingham, 86 78A.

Phoenix Timber rescue package as losses mount

Norank jumps

Pre-tax profits of Norank Systems, the merchandising and

display systems company which came to the USM in December last year, more than tripled to £326,000 (£30,000) at the six months stage. Mr Bob Morton, chairman, said another record

year's results were in prospect.

Turnover in the six months to June 30 1986 rose to £847,000

(£392,000). Earnings per share increased by 3.85p to 5.59p and the interim dividend is 1.5p net. Mr Morton said trading condi-

tions for the company, which had benefited from the expansion of retail chains selling music products, remained buoyant.

The Fourth

Personal

Computer

Conference

London, 30 & 31 October, 1986

Professional

to £326,000 at midway

announced yesterday Phoenix attempts at diversification had proposes to raise £5.2m net, about twice its present market DIY retailing it "had been through the issue of 7.26m new shares at 75p each. At present the timber company has 3m shares in outmombered sales staff by 19 institutions have come to the

of \$2.6p a share.

Phoenix has been the subject of a bitter battle for boardroom control since early in 1985.
The company incurred pre-tax losses in five years out of the last six and shareholders funds have fallen to £3.1m as of March 31, less than a third of the 1980 level. Net debt has risen to more than two and a half times shareholders funds—to a total of £7.8m.

In March, however, a new fallen to march and the remaining \$30,000 will be subscribed by the directors. As the new shares will constitute over 70 per cent of the expanded ordinary capital, existing shareholders will have the opportunity to vote on the proposals a an EGM on September to a total of £7.8m.

In March, however, a new 26 and to subscribe for up to senior management was finally installed at Phoenix. Mr Peter visional placing agreement has the first of the rescue issue goes ahead, bridge circles?

If the rescue issue goes ahead, bidder circles?

Peter Buckley, the chairman, has requested Mr V. W.

and take over.

A FINANCIAL package to rescue the struggling Pheenix adviser, were taken on as chair-finder company has been put together by merchant bankers man and managing director will withdraw a proposed qualification of the 1985-86 accounts. The company is now looking for a finance director.

According to Mr Quinn the group which has film invested in the timber company.

Under the planned scheme in the timber company was suffering from a failure to adapt to changes in the timber market and that attempts at diversification had been unwise — in the case of Clearly 3i thinks a great deal company was agreat deal company as a great deal company in the case of clearly 3i thinks a great deal company as a great

over-decentralisation, said Mr Morgan Grenfell was able to de-Quinn, was that accountants liver. No doubt most of the outnumbered sales staff by 19 institutions have come to the Also announced was the timber company's results for the year to March. Losses before tax were £973,000 (£81,000 loss) on a turnover £8m lower at £37.2m (of which £970,000 was contributed by discontinued businesses). After an extraordinary debit of £688,000 (£774,000 debit) the loss attfributable to shareholders was fil.68m (£834,000 loss) or a loss of \$2.5p a share.

Phoenix has been the subject of a bitter battle for boardroom

Output Description on the provided £2m a year of interest charges can be reduced to more manageable reduced to more manageable reduced to more manageable profits and cash flow will be unfestation treatment.

This rationalisation process be on the side of the rescuers— of the company's debts was preventing any shift into the next phase in which growth could be in 1982-83. On the news of the expected and hence the rescue precior of heavy dilution was not appeared to the conclusion have come to the conclusion that provided £2m a year of interest charges can be reduced to more manageable profits and cash flow will be infestation treatment.

This rationalisation process be on the side of the rescuers— of the company's debts was preventing any shift into the next profits and cash flow will be restored and only the downside is limited. History appears to of the company's debts was preventing any shift into the next profits and cash flow will be restored and only the downside is limited. History appears to of the company's debts was preventing any shift into the next profits and cash flow will be restored and only the downside is limited. History appears to of the company's debt was prevented and only the downside is limited. History appears to be on the side of the rescuers— of the side of the rescuers— of the company's debt was prevented and only the downside is limited. History appears to be on the side of the rescuers— of the side of the rescuers—

ROWNTREE MACKINTOSH

have been received in respect

Hyman falls in first half

Mannion to move to Bedford announced that acceptances

Group turnover in the open-ing half rose from £17.07m to offered by rights at 350p per after share of profit of a related have been sold at a net premium company down from £22,776 to effect to a stare. Shares pot taken up after share of profit of a related have been sold at a net premium company down from £22,776 to of 43.87p per share over the £7,697 and net interest payable issue price.

FINANCIAL TIMES CONFERENCES

business card, to

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advertisement, together with your

Minster House, Arthur Street, London EC4R 9AX.

telephone (71-621 1355 telex: 27347 FTCONF G.

Financial Times Conference Organisation

Sharpe & Fisher doubles to £1.3m

profit on the sale of property enabled the group to almost double its pre-tax figures.

In reporting profits up from \$659,000 to £1.3m, Mr Roy Stringer, the new chairman, pointed out that the first half of last year was a particularly disappointing trading period. In view of the first half im-

In view of the first half improvement, the interim dividend is being raised by 23 per cent from 0.61p to 0.75p net—last year a total of 2.83p was paid from pre-tax profits of £2.16m. Stated earnings per 25p share were doubled at 4.2p.

Group turnover was up from £23.59m to £28.36m, with building supplies contributing £15.78m (£14.16m) and DIY stores £12.58m (£9.48m). An stores £12.58m (£9.45m). An increase of £130,000 to £278,000 in profits was achieved by building supplies, and DIY stores

improved considerably from £521,000 to £916,000. Commenting on the figures, increase as in the first half.

BOTH TRADING companies— Mr Stringer said the building supplies and DIY supplies division achieved a stores—at Sharpe & Fisher sales volume increase following showed a substantial increase in profits in the six months to June 30 1986 and a £127,000 Profits were up by 88 per cent, although they had not yet reached the level at which the group was siming; but with the benefits of its re-organisation beginning to show, the trend

was encouraging.
He said sales in the Sandfords DIY and garden superstores showed a satisfactory increase, but because of the poor weather in the spring, the increase was below expectations. Profits were ahead by 76 per cent. Initial results from the new Redditch store, opened at Easter were encouraging. A new store in Droitwich would open later this month, and further stores were

planned Mr Stringer said results for the year would obviously depend on the level of demand in the second six months. So far that continued to be shead of last year, but he did not expect the same level of

Evans Halshaw at £1.3m and further growth ahead

Evans Halshaw, the motor distribution group bought out special interim dividend of by its management in 1984 and 0.72p net and still intend to pay floated on the Stock Exchange a final of 3.38p as forecast in the first six months of 1986 and started the second divisions showed significant important and the second content of the

August deliveries of new cars products and contract hire divi-sions have continued their growth and the directors said growth and the directors said pursuing strategic expansion of yesterday they were confident of a further good group performance in the second half.

Turnover for the opening half improved from £74.6m to £85.96m and at the pre-tax level profits surged to £1.33m, an increase of 52 per cent over last time's £876.000.

Bursuing strategic expansion of the contract hire division. They said the fieet was growing at an annual rate of over 50 per cent.

First half interest accounted for £753,000 (£810,000) and tax for £413,000 (£211,000). Earnings worked through 1.9p ahead at 8.9p per 25p share. LOWER pre-tax profits were of £347,706 compared with yesterday reported by Hyman, £286,922. Tax took £294,730 the Oldham-based polyurethane foam converter and manufacturer. for the six months to June 30 1986. The figures were down from a re-stated £894,946 The interim dividend is unchanged at 0.75p—last year's total was 15p and from the figures were to £813,049.

provements in performance and the motor division contributed increased profits from all of its pursuing strategic expansion of the contract hire division. They

Stat-Plus profits rise 70%

to £813,049.

In an effort to combat with the deterioration in operational profitability at Hairlok, from a profit of £169,000 last year to a loss of £109,000 this year, Mr Peter Buckley, the chairman. Stat-Pius, the office station- surpassed targets set last year.

ery, printing and furniture re-

> Pre-tax profits rose from £675,000 to £1.15m in the six months to June 30 1986 and the interim is 2p (1p).
>
> Mr Derek Bird, chairman, said the group had continued its expansion in the south-east, and its new operation to serve the south-west and Wales had

tailer, announced pre-tax pro-fits up by 70 per cent and a doubling of its interim dividend in its first six-monthly state-ment since achieving a full list-ing a lower product inventory. He said the administration Cash flow in the six months continued to be strong with deposits of £2.2m.

Turnover increased to £3.65m (£2.7m) and operating profit rose from £843,000 to £1.04m, the group paid tax of £484,000 (£283,000) and earnings for the half year come to 9.6p (5.5p).

ROAKD WIFF!!

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not evallable as to whather the dividends are interime or finals and the subdivisions shown below are based mainty on last year's timetable.

TODAY --ASD, Cement-Roadsto Interims:—ASD, Coment-Roadstone,
Combined Leasing Finance, James
Fisher, Guardien Royal Exchange,
Instem, Lembert Howarth, Metal
Ciocurias, James Natil, Paninsular and
Orintal Steem Navigation, H. and J.
Quick, Sound Diffusion, Steel Burrill
Jones, Sun Alliance and London Insurance, Wates City of London Proparties,
Wilson Connolly, World of Leather.
Final:—Caledonian Offshore.

Metaec
Nurdin and Peacock
Tevener Ruttedge
Technology Project S Wordplex Information 8
Finals:
Checkpoint Europe
Delts Holdings
Merivals Moore
Mitchell Cotts
Tor Investment Trust

FUTURE DATES

NOTICE OF REDEMPTION

To the Holders of

TEXTRON INTERNATIONAL INC. (now Textron Inc.)

74% Guaranteed Sinking Fund Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of October 2, 1972 providing for the above Debentures, \$3,200,000 principal amount of said Debentures have been selected for redemption on October 1, 1986, through operation of the mandatory Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said date, as follows:

OUTSTANDING DEBENTURES OF \$1,000 EACH BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS: 10 12 15 29 33 38 40 43 57 59 67 72 77 50 84 88 95 11 14 17 22 34 39 42 47 58 66 69 73 78 81 86 94 97

ALSO OUTSTANDING DEBENTURES BEARING THE FOLLOWING NUMBERS:

On October 1, 1986, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway. New York, N.Y. 10015, or (b) at the Main Offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt-am-Main, London, Paris, and Tokyo; the main office of Bank Mees & Hope N.V. in Amsterdam, the main office of Credito Romagnolo, S.p.A. in Milan, and the main office of Banque Generale du Laxembourg.

A. in Luxembourg.

Coupons due October 1, 1986 should be detached and collected in the usual manner.

On and after October 1, 1986 interest shall cease to accrue on the Debentures herein designated.

for redemption.

Payments at the office of any Paying Agent outside of the United States will be made by United States dollar check drawn on, or transfer to a United States dollar account with, a hank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the Payee with a hank in the United States may be subject to reporting to the United States Interval Revenue Service ("RS") and to back up withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with executed IRS Form W-8 cartifying under penalties of perjury that the payee is not a United States person, or an executed IRS Form W-9 certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate) those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who failed to do so may also be subject to a penalty of \$50.00. Please therefore provide the appropriate certification when presenting your securities for payment.

TEXTRON INC. by: Morgan Guaranty Trust Company OF NEW YORK, Trustee.

Dated: August 28, 1986

The Australian Industry Development Corporation (A statutory corporation, wholly owned and guaranteed by the Commonwealth of Australia) U.S. \$100,000,000

1174 PER CENT. NOTES DUE 1998 NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(b) of the Notes, the Corporation will redeem on October 2, 1986 US\$8,000,000 principal amount of the said Notes. A further notice specifying the serial numbers of the Notes called for redemption will be published. Currently outstanding US\$17,000,000

By Citibank, N.A. (CSSI Dept.) London Fiscal Agent

CITIBAN(

Tenneco International N.V.

17% Guaranteed Notes Due October 1, 1989 Guaranteed by Tierneen Inc.

Companies by Termaco Sec.

NOTICE IS HEREBY GIVEN that, pursuant to the Indenture dated as of October 1, 1981 of Tennaco International N.V. and Tennaco International N.V. and Tennaco International N.V. has elected to exercise its option to redeem on October 1, 1989 (the "Frostee"). Termaco International N.V. has elected to exercise its option to redeem on October 1, 1989 (the "Roder) at 101.0% of the Production Detro") all of its 17% Quaranteed Notes Due October 1, 1989 (the "Notes") at 101.0% of the Producers of the Production of the Redemption Detro, the Redemption Price will be past to holders of Notes upon presentation and surrender of Notes, the Redemption Price will be past to holders of Notes upon presentation and surrender of Notes, the Coupons which shall ensure on or shall have matured prior to, said Redemption Date should be distorted and surrendered for payment in the usual internation. On said after the Redemption Date, succept the right of the holders thereof to receive the Redemption Price and to reactive permant for coupons meating on or prior to the Redemption Date. To receive payment of the Redemption Date, and the redemption Date, Notes, together with all coupons appertaining thereto maturing effect the Redemption Date, not be the Companied of the Redemption Date.

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TENNECO INTERNATIONAL N. By: THE CHASE MANHATTAN BANK, N.A.,

Dated: August 27; 1986

This advertisement is issued in compliance with the requirements of the Council of The Stock Encl Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the who share capital of Creighton Laboratories pic in the Unitisted Securities Market. A proportion of the shares bak be available to the public through the market. It is emphasised that no epplication has been made for these admitted to Return. Creighton Laboratories plc Placing by Singer & Friedlander Limited of 1,000,000 Ordinary shares of 20p each at 130p per share Share Capital Authorised issued and fully paid 21,000,000 in Ordinary shares of 20p £733,520

Creighton are creators and manufacturers of high quality tolletries, scaps and fragrances, containing natural ingredients. They also design and produce associated containers and packaging. The Company markets and distributes its products under the 'Creighton' name and also manufactures customer own label ranges for well known retailers and other outlets.

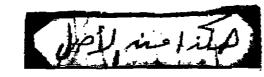
Particulars relating to the Company are available in the Extel Unlisted Securities Market Service and Copies of such particulars may be obtained during normal working hours on any weekday (Saturday excepted) up to and including 17th September, from:

Singer & Friedlander Limited, 21 New Street. London, EC2M 4HR.

3rd September, 1986

Stock Beech & Co., Warnford Court, Throgmorton Street, London, EC2N 2AY

ents of the Council of The Stock Exchange



Financial Times Wednesday September 3 1986 LONDON RECENT ISSUES **AUTHORISED** FT UNIT TRUST INFORMATION SERVICE **UNIT TRUSTS** ## Office | Price | Pr EQUITIES 0603 622200 -48 359 -01 126 -05 0.88 +05 0.81 -01 141 M 5.25 2.9 4.1 22.1 PLG 5.0 1.4 20.2 R4.9 2.3 5.6 11.1 11.0 42 2.1 M.3 015; 2.7 2.1 M.7 2.2 2.8 22.7 2.1 M.7 2.2 2.8 22.7 3.4 3.1 13.3 13.3 13.3 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 2.1 12.0 3.1 3.1 12.4 3.1 12 | 10.25 | 5865 | Pog Calad in | 10.24 | 132 | 132 | 133 | 134 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 13 Fine Person Nur 25-195.0 100.00 | ... |

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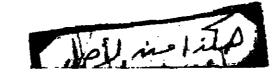
There's now a way to get what the children want at Christmas (8) agentest Ltd CER78E 01-589 2800 45-34 --- 103

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Financial Times Wednesday September 3 1986 **INSURANCE, OVERSEAS & MONEY FUNDS** | Mill Grant 50-71 | 5-74 | 4.89 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0.93 | -0. Money Market | Comparison | Com 579 5701 Ltd 5701 Ltd 5701 26418 40 1950 Tremium Life internation
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UN food agency calls for fairer farm trade deal for Africa

could reverse the long term decline in food output and decine in food output and feed themselves by the year 2010, according to a report presented today by the UN Food and Agriculture Organisation (FAO). But the report says this will only be possible if African governments give absolute priority to agriculture and protect the continent's natural resources, and if indusnatural resources, and if indus-trialised countries give Africa

a fairer trade deal.

Mr Edouard Saouma, the Mr Eduard Saouma, the FAO director general, warns in the report "not all the wrongs of the past can be put right within five years... there is a long struggle ahead."

If past trends are allowed to continue there would be "repeated and massive famines while food imports could bank-ribt even prosperous African

while took imports could bank-rupt even prosperous African countries," the report warns. The report, entitled "African Agriculture: the next 25 years," is accompanied by a programme of action detailing steps towards recovery. It is being discussed at an FAO regional food summit attended by some 40 African countries which started yesterday in Yamoussoukro, the Ivorian

Cocoa trade confused over

Nigerian move By Andrew Gowers

A TOP-LEVEL cocoa trade delegation is undertaking a fact-finding mission to Lagos and other West African capitals later this month at a time of deep confusion about the future of Nigeria's cocoa pro-

The delegation from the Cocoa Association of London, whose membership includes cocoa producers and traders as well as chocolate manufacturers, will be seeking informa-Nigerian trade, following the Federal Government's abolition earlier this year of state-run commodity Boards, including Nigerian Cocoa Board.

This has left the London trade uncertain as to exactly who is entitled to buy cocoa from Nigerian farmers and to export it, and who is responsible for grading the material.

The delegation, led by the Cocoa Association's chairman, Mr H. J. Fritze of the West German cocoa company Sopra, officials and to hold an open meeting in Lagos on September 25 to offer advice to those involved in, the cocoa trade.

Mr Robin Dauncey, chief exe cutive of the Association, said yesterday that he had received numerous enquiries from would-be cocoa traders, most of them Nigerians, since the Cocoa Board was abolished. Another interesting side-effect

of the scrapping of the Board has been a dramatic rise in cocoa prices within Nigeria. Prices of N2,500 (£1,260) a tonne and more are now being paid by middlemen in the interior, more than 50 per cent more than prices lately paid by the Cocoa Board. If this continues, it could have a dramatic ffect on Nigerian production in the medium term, since more money will be available for farmers to spend on fertilisers

and agro-chemicals.

Low incentives to producers have been identified as one of the key reasons for a long-term decline in Nigerian production.
The country was once the second largest producer after Ghana, with annual output until the early 1970s of around 300,000 tonnes, but production has now fallen to around one third of that level.

Ghana, another country on the delegation's itinerary, has also slipped sharply down the league of cocoa producers, although output is now staging a revival. Both suppliers are of prime importance to the UK chocolate industry, since they account for the vast majority of cocoa consumed in Britain. mission will also be visiting the Ivory Cast, now the biggest

countries could double the allocation should be given to growth rate of cereal food pro- factories producing fertilisers, duction and reduce the con-tinent's total cereal deficit to The FAO estimates that a six-76m tonnes a year from 100m fold increase in fertiliser use is 76m tonnes a year from 100m tonnes by 2010.

tect the environment however.
Excessive exploitation of farm-land, over-grazing of pastures, deforestation and poor water management have caused

increasing encroachment by deserts it says.

The FAO estimates that over \$1bn has been wasted over the past 15 years on ill-conceived projects to control masture grazing. One reason was the failure to involve local people in project planning and implementation. In future projects should

use a "botom-up" rather than a "top-down" approach, the report recommends.

The FAO says that farmers need support in four main

• Effective incentives: But the report points out that higher official producer prices are insufficient if exchange rate dis-tortions make imported cereals cheaper or small farmers are farm credit.

The Tanzanian Government has announced increases of around 9 per cent in producer prices for food crops and retail price rises of up to 121 per cent for basic changes

farmers who grow maize, paddy, wheat, soya, cassava, millet, beans, copra, sesame, mnet, peans, copy, seame, groundnuis and castor seeds. The higher retail price rises affect rice, sugar, maize and wheat four and range from 31 per cent for rice to 121

needed if the desired 3 per cent annual increase in agricultural output is to be achieved. a major problem for at least the next 15 years and major practical training, research and extension services. These should

The report hypothesises that the right time and price, structure: The report notes that nearly half of all African Priority in foreign exchange countries with good communica-

Coast and Malawi have been among the continent's most suc

"It makes no sense to offer aid with one hand and to restrict African exports with the other," Mr Saouma declares. In the short term tariff bar-riers could be removed from non-competing commodities such as coffee and bananas. In the long term the report says that European, US and Japanese taxpayers may force the re-moval of direct farm subsidies

an estimated \$40br Many African countries have made "considerable progress" towards allocating to agriculture a target of 20-25 per cent of annual public investment, and introducing policy reforms, says

by 3 per cent a year during Africa's most serious economic crisis in the early 1980s, the

report notes.

Donors are urged to write off the debts of the poorest countries, grant more flexible aid terms, finance more small-scale farm projects and co-operate more closely with non-governmental organisations.

Dutch traders rebel against grain tax currency anomaly

in intra-community trade, according to market analysts.

The problem was highlighted late last week when the Dutch Grain and Feed Trade Association, Het Comite, discovered its members could be in for a multi-million, guilder, loss in multi-million guilder loss in trying to pass the tax from processor back to producer if the grain were imported from This enable. weaker currency.

A Dutch cereal processor buy-

ceives an invoice showing a Dutch collection agency (the gross price inclusive of a Commodity Board for Arable \$3.373 per toune levy, which is the UK equivalent of the community's fixed tax rate of 5.38 the full fixed rate of Dutch levy onto the commission.

Furopean currency units Nobody is quite sure yet

trouble here for the Dutch pro-cessor, however, is that when it comes to claim the levy back unofficial levies, or the Board

differential.

accordingly told its members not to pay over the F1 2.84 converted to the prevailing rate of exchange of the country of

This enables the Dutch cereal another member state with a buyer to pay what is in effect weaker currency.

a variable levy at a lower rate. A Dutch cereal processor buy. This is by no means the end of ing UK grain, for example, rethe matter, however, since the

ATTEMPTS TO collect the from the UK in weaker sterling, could decide to take legal action European Community's new the UK rate is worth only against processors who refuse cereal tax could run into a FI 11.70 so he loses about 18p to pay the full rate. There have been suggestions that if the Dutch "revolt" gathers pace a black-list could be drawn up of those taking Het Comite's

(Gafta) has warned its own members that they would be unwise to follow the Dutch body's example at this stage.

Ms Maria Cappuccio, a Gafta official, points out that the UK as a net exporter with a weak currency is in any case in a Furopean currency units (Ecus).

Nobody is quite sure yet as a net exporter with a weak what will be the response to the UK seller and pays the levy itself in Holland at the fixed Dutch rate of F1 14.54 per tonne. The mission could insist that the trouble here for the Dutch processor, however, is that when it itself between the official points out that the UK says as a net exporter with a weak currency is in any case in a reverse position from the Dutch in trade with most EEC member states. "We believe that of F1 14.54 per tonne. The mission could insist that the trouble here for the Dutch processor, however, is that when it itself between the official and rather than a national basis." rather than a national basis."

Coffee market set to break volume record

BY ANDREW GOWERS

THE London robusta coffee lation that supplies will be futures market traded i ts millionth contract of the year yesterday, in generally im-proved trading conditions on London's soft commodity

short later in the year following the Brazilian drought in Cocoa futures volume also

London's soft commodity
markets,
The London Commodity Exchange, which also runs contracts in sugar and cocoa, said
yesterday the coffee market was
on course to break its previous

Tournell sugar volume fell by
on course to break its previous

Separate In the first eight yesterday the coffee market was overall sugar volume fell by on course to break its previous 28 per cent. In the first eight annual volume record of nearly months of this year, total 1.4m lots, set in 1979.

Coffee futures are being buoyed up by continuing specu-

CADMIUM: European free market, min, 99.95 per cent, \$ per lb, in warehouse, ingots, 0.84-0.88, sticks, 0.85-0.89.

WEEKLY METALS

WEEKLY METALS All prices as supplied by Metal Bulletin. ANTIMONY: European free

market, 99.6 per cent, \$ per tonne, in warehouse, 2,320-2,430. BISMUTH: European free market, min. 99.99 per cent, \$

market, min. 99.95 per cent, \$
per lb, in warehouse, ingots,
0.84-0.88, sticks, 0.85-0.89.

COBALT: European free
market, 99.5 per cent, \$ per lb,
in warehouse, 3.60-3.80.

URANIUM: European Free
other sources, \$ per lb V 0, cif,
in warehouse, 3.60-3.80.

market, min. 99.99 per cent, \$
per flask, in warehouse, 127-137.
MOLYBDENUM: European
free market, drummed molybdic
oxide, \$ per lb Mo, in warehouse, 2.95-3.05.
SELENIUM: European free
market, min. 99.5 per cent, \$
per lb, in warehouse, 5.00-5.20.
TUNGSTEN ORE: European
free market, standard min. 65
per cent \$ ner tonne unit WO. per cent. \$ per tonne unit WO,

MERCURY: European free value, \$ per lb U 0, 17.00.

US peanuts setback "inevitable" By Our Commodities Staff

SUPPLIES OF edible peanuts outstripped demand by around 22,500 tonnes in the 1985-86 season, Rotterdam trader Man Producten estimates. In its latest report Man

Producten puts supply at 582,500 tonnes, up 48,500 tonnes from the 1984-85 season. It attributes the rise chiefly to increased exports from the US, The report forecasts lower exports from the US in 1986-87, however, due to expectations of a significantly lower crop which it describes as "inevitable." Man Producten puts 1985-86 demand for edible peanuts at 550,000 tonnes, a rise of 15,000 tonnes from the previous season mainly attributable to higher imports into the UK.

West Germany, Canada and

West Germany, Canada and Japan.
While saying that it is to early to indicate demand for the 1986-87 season the report says prices will be higher because of the low crop expected in the US.
The predicted US setback is blamed on drought, which not only delayed plantings but also

only delayed plantings but also hampered growth. With insect damage adding to the problems yields are expected to be far below the level of the last two

LONDON MARKETS

THE RECENT upsurge in the platinum price was checked yesterday, but only after a fresh 51-year peak had been achieved. The Landon market price, which had risen \$41 a troy ounce last week and another \$11.50 on Monday as speculators continued to react to concern over the situation in South Africa, moved fur-ther ahead to reach \$658.50 at ther ahead to reach \$658.30 at the morning fixing yesterday. But it fell back sharply to stand at \$640 an ounce, only \$2 up on the day, at the afternoon fixing. On the London Metal Exchange meanwhile the cash aluminium price was boosted to a 24-mouth high by news of a strike at Noranda's smelter at New Madrid. Mon-

smelter at New Madrid, Mon-tana. The price ended the day £11.50 up at £785 a tonne. Coffee futures prices lost some of their recent gains as specu-lators took their profits. The November position which advanced 525 last week and another £114.50 on Monday, ended £39.50 down on the day at £2,342.50 a tonne after dipping to £3,310 a tonne at

LME prices supplied by imalgamated Metal Trading,

	Unofficial + or close (p.m.) - 2 per tonne	High/Low
ash month s	784.5-5.5 +11.5 768,5-9 +8,5	782/782 771/761
(772-2.51 :	closing (am); Cast three months 764 783.5 (772.5). F	(760.5-1);

COPPER

Grade A	Unoffic'l	+0	High/low
Cash 3 months	885-6 900,5-1	+8.75	883/880 902/893
Official ((874.5-5): 1 settlement Close: 901-	closing (en Aree month 20 5 (28	n): Ca a 896- 75). !	sk 380-0.5 7 (891.5-2); Float Kerb

878-80 +9 874/874

LEAD						
	Unofficial + or close(p.m.) — £ per tonne	High/low				
Gash	270,5-1 -1,5	271/271				
Tronths	272,5-3 -1	274/271				
(2/3.5-4)	closing (sm): Cs; three months 272-	-2.5 (274.5-				
5); sattle	iment 270.5 (274).	Final Kerb				
Close: 2	73-4. Turnover 64: 22.25/24 cents pe	00 tonnes.				

•	Unofficial + or glose(p.m.) - £ per tonne	High/low	COFFE With the
sh nonths	2526-33 +4,5 2560-5 -6,5	2565/2545	clusively bro profit-taking leter in the
30-3); t dement i	plosing (sm): Ca bree months 2550-5 2518 (253). Final Ko urnover 1088 tonne	(2565-6); erb Close:	Lambert, week New on the defer renawed is sparked a r

High grade	Unofficial closs(p.m £ per	+ or tonne	High/ lo
Cash 5 months	,78-9 ,81-1,5	+4.5 +2.25	\$80/584 .84_5/58
	elosing (1 1.5); three settlemen Close: ss. US Pr	im): Car months it 578.5 584-4.5. ime Wes	sh 575.1 s 581-1. (573.5 Turnova

GOLD

Gold continued to gain support from the recent strength of platinum on the London buillion market, but closed below the highest levels on profit taking. The metal opened at \$3804-3805, and was fixed at \$3805-1 in the morning and \$3835, in the atternoon, it touched a peak of \$3865-\$3872 and a low of \$3912-3925, 600 closed \$15 higher on the day at \$3822-\$38335.

GOLD AND PLATINGAL COINS Krgrrnd... \$793.395 (£9651, 8651)
19 Krug... \$3061, 8071g (£1351-13914)
14 Krug... \$3061, 8071g (£1351-13914)
15 Krug... \$105-106
170 Krug... \$421-431
181apialear \$4024-4054, (£3701-2721g)
181apialear \$4024-4054
170 Angel... \$402-405
170 Ange

LIVE CATTLE			LIVE	PIGS	
Month	Y/day's close	+1	Y/day's	±er	
Sept Oct Nov Feb Apr June	99,60	_0.30 	104,50 105,80 98,50 99,50 99,00	+0.10 +0.30 —	
MEAT COMMISSION Average inc- stock prices at representative markets.					

Cattle sales: 0 (0) lots of 5,000 kg. Fig sales: 0 (1) lots of 2,250 kg.

US MARKETS INDICES

REUTERS commodity markets in New York, with platinum extend-Sept 1 Aug 29 With ago Year ago 1461.6 1461.1 1449.6 1696.1 (Base: September 18 1831-100) DOW JONES Dow Aug Aug With Year Jones 28 27 ago ago

MAIN PRICE CHANGES

2885.5 +8.752871.5 2900.75 +8.0 2890.5 5395.00 +1.255369

c and f \$350, BTD f Antwerp: \$300, BTD

COCOA

hs	885-6 900,5-1	+8,75,883,880	_ JUTE
51: da	ree mont 880.5 (8	m): Cask 980-(hs 896-7 (891.5-2 175). Final Ka	t): Dundee: BTC \$350, BWC rb \$310, BWD \$310; c and BTC \$330, BWC \$330, BWD
ard	860-1	+12.95 860/853	- \$300.

e ROVI	86/65 cents per po or 44475 tonnes.	sumer interest was showed renewed in of the day, reports				
Α	D			Yester: Clos		
	Unofficial + or		COCOA	8 per to		
	cicee(p.m.) — £ per tonne	High/low	Sept	1495-1 1548-1		
h ONL	270.6-1 -1.5 272.5-3 -1	271/271 274/271	March	1589-1 1610-1 1628-1		
			Sent	1644.1		

iot: 22	L Turnover B40 L25/24 cents per	O tonnes. r pound.	pound). Delly price 101.46 (101.37); five September 3: 99.79 (
KE		<u> </u>	Sales: 5,477 (3,304)				
- 1	Vnofficial → or olose(p.m.) — 2 per tonne	High/low	COFFEE With the market (
20	26-33 [+4,5	9561,9145	clusively break the pre- profit-taking set in on				

COFFEE

Sales: 7,336 (8,771) lots of 5 tonnes. ICO indicator prices (US cents per pound) for September 2: Comp. daily 1979 : 18-day average.

Prices were on the defensive throughout the essaion with commer-cials side-lining and professionals light editors in a quiet trading period, reports Muirpece,

Ortober | Der tonne |
Dec. | 164.8-164.5 | -0.88134.0-164.8 |
Dec. | 161.1-161.5 | -0.46131.0-161.9 |
Feb. | 182.5-181.6 | -0.86138.8-182.5 |
April | 182.5-181.6 | -0.86138.8-182.5 |
June | 182.8-161.6 | -0.86 |
August | 181.8-181.8 | -0.85 |
October | 182.8-184.8 | -0.85 |

Sales: 192 (1,043) lots of 20 tonnes.

Pressure on spot positions was again evident on wheat and barley with values losing 50p on wheat before reliying on commission house support, whereas barley again attracted shipper support reflecting export commitments particularly on January and March, reports T. G. Roddick.

Business done—Whest: Sept 105.78, 5.50, Nov 107.40-7.00, Jan 110.05-98, Mar 112.45-11.95, May 114.95-14.85, July 115.85-15.50. Seles: 212 lots of 100 tonnes. Earley: Sept 106.40-4.25, Nov 107.25-7.00, Jan 108.75-9.80, Mar 112.05-11.70, May 113.35-113.15, Sales: 168 lots of 100 tonnes.

-0,68 +0,19 +0,25

GRAINS

105.50 107.25 110.00 112.40 114.85 116.55

SOYABEAN MEAL

LINQ			
High grade	Unofficial closs(p.m £ per) + or	High/low
Cash 5 months	,78-9 ,81-1,5	+4.5 +2,25	\$80/580 .84,5/580
	elosing (: l.5); three settlemen Close: ss. US Pr	am): Car months at 576.5 564-4.5. ime Wes	th 575.5- 581-1.5 (573.5). Turnover:

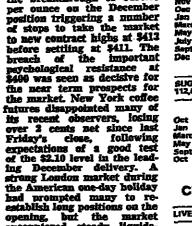
TIN

GOLD BULLION (fine ounce) Sept 2

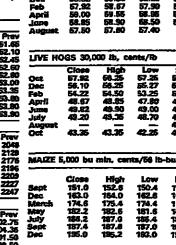
PRECIOUS METALS again dominated the traditional

ing its recent bullish ran by recording a \$25 limit move to the upside to hit \$651.30 per ounce in the leading October delivery. Gold futures also responded, with a strong spet responded, with a strong spectrum arket encouraging the maintenance of long positions and the breakthrough of \$400.00 per onnee on the December per ounce on the December position triggering a number of stops to take the market to new contract highs at \$413. The breach of the important psychological resistance at \$400 was seen as decisive for the market. New York coffee futures disappointed many of its recent observers, losing over 2 cents net since last Friday's close, following expectations of a good test of the \$2.10 level in the leading December delivery. A strong London market during the American one-day holiday

NEW YORK







PORK BELLIES 38,000 fb, cents/lb

SOYABEAN MEAL 100 tons. S/tor

SOYABEAN OIL

407.6 410.0 382.5 382.6 383.5 409.6 409.8 -- 386.4 411.5 413.0 397.1 380.3 414.8 416.0 400.8 386.5 417.8 419.0 400.0 389.4 422.1 422.5 486.5 402.6 422.0 430.0 414.0 406.3 EMBCE 180.0 180.0 414.0 406.3 EMBCE 180.0 180.0 414.0 406.3 ORANGE JUICE 15,000 lb, cents/lb

WHEAT 5,000 bu min, cents/60 to-bushel HEATING OIL 42,000 US agilons, cents/US gallons Sept Dec March May July Sept 44.53 45.80 46.85 47.36 47.25 44.55 42.96 41.70 41.30

SPOT PRICES—Chicago loc 13.75 (—) cente per pound, and Harman sliver buillon (384.95) cente per troy cunce.

PUTURES—Index 596, Oct 590-695, Oct/Dec 590-595, Jan/Mar 600-693, April/June 612-617, July/Sept 614-620.

LONDOM DAILY PRICE—Raw sugar \$125.00 (£83.50), up \$3.00 (up £1.50) a tonne for September-October delivery, White sugar \$181.00, up \$3.00.

PARIS—(Ffr per tonne): Oct 1202/ 1210. Dec 1200/1205. Mer 1228/1230. Mey 1250/1285. Aug 1230/130, Oct 1325/1335. FREIGHT FUTURES

Sales: 2.804 (1.433) lots of 50 ton Tete and Lyle delivery price granulated basis sugar was £18 (£183.50) a tonne for export.

Rumour of a fixture at \$11.75 (+0.25) continued to help bullish sentiment after 18 successive rises in the BFI. 786/789 789.5/800 825/850 270/773 500/840 820,355 820,355 810,920 678.5 910,920 678.5 910,920 678.5 910,920 678.5 910,920 678.5

Turnover: 132 (64). Close | High/Low | Prev.

Sep. 1020/1120 1050 1080/1120 Oct. 1300/1275 — 1290/1380 Dec. — 1170:1280 Mar. — 1070:1150

China tries to boost earnings from rare earth

CHINA IS modernising its production of rare earths in order to increase export earn-ings from these minerals and their compounds. It is invest-ing in an advanced processing plant and laboratory equip-ment to extend the range and improve the purity of its Last year China, the second

largest producer after the US, processed an estimated 9,000 onnes of rare earth oxide (REO) more than half of which was exported. Export earnings have been modest, however—an average of \$20m annually over the past five years. This is because, despite their name, rare earths are not generally in short supply in relation to demand. Most of China's exports are made up of rare earth com-pounds in a mixture of 10 or

more different elements which have been extracted from the

same ore. These unseparated rare earth used in making steel, glass and ceramics and in cigarette lighter films seil for about \$1.30 a kg of contained REO.

There is, however, increasing demand for rare earths separated into individual metals and metal oxides—for use in high technology indus-tries including electronics. These products can sell for \$1,000 a kg or more: europium, used in coating television screens, costs about \$1,400 a kg. It is these pro-ducts that China wants to develop, taking on competi-tors who include Molycorp in the US, Johnson Matthey in

the UK and several Japanese China has overcome some formidable technical difficul-ties but there may be more in the future, Mr Wang Wen Cheng, chief engineer at Yue

Long rare earths plant near Shanghai, says that while extracting rare earths from ore is complicated enough separating the elements is even more difficult.

Until the 1960s China was able to produce concentrates of only 39 per cent REO content, mainly extracted from the world's largest deposit of ore at Baeton, Inner Mongolia. In the late 1970s processing improvements raised the REO content to 90 per cent — high enough to use as feedstock for separation.

Specialising in high parity earths Yue Long is China's largest producer — they account for more than 70 per cent of the plant's 1,000 tonnes a year output by weight and much more by value. A much larger rare earths plant at Baotou, with

a capacity of some 5,900-6,000 tonnes a year, has also expanded high purity produc-tion after installing its third separation line last year. But according to Wang its high purity output lags behind Yue Long's, which has spent about \$759,000 in the last three years on imported analytical equipment and is now installing \$700,000 worth

of advanced processing plan. Other investments are under consideration. Wang says that plant is concentrating on two areas— phosphors for coating tele-vision radar and other screens; and magnets made of neodymium and samarium. Wang says that these markets are expanding but over-seas competition is tough. "The rare earth business is very active in the world now-adays."

SILVER Silver was fixed 0.55p an ounce lower for spot delivery on the London builton market yesterday, at 348,75p. US cent equivalents of the fixing lavels were: spot 520.5c, unchanged; three-month 527,25c, down 0.05c; sind 548c, down 1.35c. The metal opened at 351-352-p (523-5250) and closed at 346-348p (517-513c). StLVER Buillon + or L.M.E. + or per fixing p.m. Unoffic's

LME—Turnover: 103 lots of 10,000 oz. Three months high 355.5p, low 355.0p, final kerb 353-5p.

ПA	CATTL	LIVE PIGS						
Month	Y/day's close	+0	Y/day's	±er				
Sept Det Nov Feb Apr, June	98.50 98.50 99.60 99.50 99.50 99.60	1 30 -0.1 	104,30 105,80 98,50 99,50 99,00	+0.10 +0.30 —				
MEAT COMMISSION—Average fac- stock prices at representative markets. 3B—Cattle 95.47p per kg (w (+0.46).								

Jan-Mar 116.50 seller. Melas: US No 3 Yelkow/French transhipment case coast Sopt 163.50. Barley: English Feed fob Sept 107.00-107.76. Oct 110.00-110.25 buyer/sellera. Oct/Dec 12.76. Jan/Mar 116.50 seller. HGCA—Locational ex-ferm spot prices. Feed whest: S. East 104.10. S. West 104.20. W. Mids 104.40, N. East 196.80. Feed barley: S. East 102.30, S. West 101.20, W. Mids 9.70, N. East 99.70. The UK monetary coefficient for the week beginning Menday, September 8 (based on HGCA calculations using five days' exchange rates) will remain unchanged, **POTATOES**

Speculation that the PMB would sandomes a reduced planted area figure following its executive meeting yesterday morning proved fruitiess. The bulletin released at midday nerely confirmed earlier returns of 160,410 bectares. London had latitalty relied over £4 during early morning trade but quickly tumbled at the afternoon

| Nov | 110.50 | 113.00 | 128.99-110.50 | 125.00 | 126.90 | 126.90 | 126.90 | 126.90 | 126.90 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 127.50 | 1 Sales: 1,443 (1,312) lots of 40 tonnes.

47.15 48.25 48.80 48.80 46.15 44.20 42.95

45.76 47.09 48,22 48.79 48.68 45.89 44.24 42.59 42.59

101.70 101.70 104.00 106.20 108.00 108.00

48.40 47.55 48.05 48.10 45.50 43.90 42.70

Early September Fortice sold et \$14,55 and 50 days September Brant at \$14,55. Forward Brant traded several times in each month October through Decomber. October WTI opened 25 cents up against Friday closes on Nymex and traded 32 cents up by 1.30 pm ED7. In the petroleum producers market gas oil prices rose on sustained buying interest for prompt and forward delivery. Mogas prices firmed on good European buying interest and reports of secont dass at higher numbers. Sellers of heavy fuel remained very buillish—Petroleum Argus, London. CRUDE OIL—FOR (8 per barrel)—Sept.

GAS OIL FUTURES

U8 # 183,25 +1,78 183,76-51,50 188,25 +0,76 189,66-37,50 142,00 -145,56-41,25 145,25 +1,56 147,00 48,00 145,25 +2,25 148,50-47,00

RUBBER

Turnover: 2,223 (849) lots of 100 PHYSICALS—Closing prices (buyers); Spot 60.00p (58.60p); Oot 59.50p

CURRENCIES, MONEY and CAPITAL MARKETS

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 153.15. August average 154.15. Exchange rate index 216.8 against 189.9 six months ago.

CURRENCY MOVEMENTS

CURRENCY RATES

Sterling
U.S. Dollar
Canadian Dollar
Austrian Schilling
Beiglan Franc
Danish Kroner
Doutsche Mark
Beiss Franc
Guilder

-91.7 +1.8 -12.9 +8.2 -6.3 +0.4 +18.8 +25.2 +12.0 -13.7 -16.0 +61.1

FOREIGN EXCHANGES Slight boost for dollar

THE DOLLAR gained a little support from encouraging economic news yesterday, but overall sentiment remained degressed by Friday's amnouncement of a \$18.94bn record US trade deficit in July. The next major US economic data are unemployment figures on Friday, but in the absence of other news the market took note of the August survey of US purchasing managers, plus figures on factory orders and construction spending. Rumours of a sharp fall in the purchasing figures on factory orders and strength of a sharp fall in the purchasing finder to 1,870. August average managers composite index to 1,4870. Exchange rate index rose 42.6 per cent proved incorrect. to 71.1 from 71.0, compared with 71.2 six menths ago.

managers composite index to

42.6 per cent proved incorrect.
The August figure rose to 52.6
per cent from 46.7 per cent and
helped underpin the dellar. The
rise of 2.2 per cent in July
factory orders and 0.5 per cent
in construction spending were in
line with expectations and also
helped prevent a further weakening of the US currency.

The reluctance of the market
to attack a technical support
level of around DM 2.02 added
support the dollar. Although
dealers generally expect the US
currency to fall below DM 2.00
and Y150 in the near future
these levels are seen as psychological barriers, where the central banks may be tempted to
test the market's resoive.

The dollar rose to DM 2.0316
from FFr 6.6475; to FFr 1.6396
from FFr 6.6475; to FFr 1.6396
from SFr 1.6350; and to Y154.25
from Y153.80.

On Bank of England figures
the dollar's index was 110.2.

Prev. close Spot (\$1.45%-1.46%-\$1.4925-1.4965-1 1 month (0.54-0.51 pm (0.54-0.51 pm 8 months)-1.87-1.65 pm 1.57-1 "1 pm 18 months(6.25-6.15 pm 5.25-5 15 m

The yen eased against the dollar in very quiet Tokyo trading. The dollar rose to Y154.20 from Y154.00 on light corporate demand, but Far East dealers were not prepared to take a fresh initiative on the value of the currency before the US returned from a long weekend holiday. The market was generally nervous, seeing a possible fall of the dollar below Y150 some time this week, but also expecting fairly strong resistance at that level, including intervention by the Bank of Japan.

POUND SPOT-FORWARD AGAINST POUND

Sept 2 spread Close One month

US 1.880-1.4876 1.4890-1.4900 0.56-0.53c pm

2.0830-1.4976 1.4890-1.4900 0.56-0.53c pm

2.0830-1.4976 1.4890-1.4900 0.43-0.31c pm

Serigium 2.0830-1.4976 2.43-2.42 12-14c pm

12.432-11.451 11.44-11.45 12-14c pm

12.432-11.451 11.44-11.45 12-14c pm

12.432-11.451 11.44-11.45 12-14c pm

12.432-1.393 2.3.23 12-14c pm

12.432-1.393 2.3.23 12-14c pm

12.432-1.393 2.3.23 12-14c pm

12.432-1.494 2.482-1.494 2.482-1.494 12-14c pm

12.432-1.494 2.482-1.494 12-14c pm

12.432-1.302 2.122-1.294 12-14c pm

12.432-1.302 2.122-1.294 12-14c pm

12.432-1.302 2.122-1.29 12-24c pm

12.432-1.302 2.122-1.29 12-24c pm

12.432-1.302 2.122-1.29 12-24c pm

12.432-1.444 2.432-2.444 12-14c pm

12.432-1.444 2.432-2.444 2.432-7.3. months
4.39 1.59-1.57 pm
2.09 0.59-0.63 pm
2.09 0.59-0.63 pm
2.67 42-37 pm
2.67 42-37 pm
2.67 42-37 pm
2.67 42-37 pm
-7.08 255-470 dis
-7.08 255-470 dis
-2.01 7-10 dis
-2.01 7-10 dis
-2.01 7-10 dis
-2.11 11-121 dis
2.36 67-4 pm
0.51 11-1 pm
5.22 2-3-2 pm
5.01 241-21 pm
5.01 241-21 pm
5.01 241-21 pm
1 franc 63.40-63.50, mm
1 franc 63.40-63.50, mm
1 franc 63.40-63.50, mm One month

DOLLAR SPOT-FORWARD AGAINST DOLLAR

triangle | 1,281-1,2856 | 1,3840-1,3850 | 0,56-0,53c pm | 4,38 1,59-1,545 pm | 1,38 0,40-1,59 pm | 1,38 0,4 One month 1.30 1.59-1.54 pm 4.20
4.31 1.59-1.54 pm 4.20
4.31 1.59-1.54 pm 4.72
-2.23 0.84-0.894% -2.49
0.55 0.32-0.27 pm -0.52
-1.72 18-21 dts -1.76
1.33 0.84-0.19 pm 1.21
-11.59 330-470.59 pm 1.21
-1.15 25-25-36 pm -7.29
-6.67 25-25-36 pm -7.29
-6.67 25-25-36 pm 0.84
0.63 15-398 pm 0.84
0.63 15-398 pm 0.84
0.63 15-398 pm 1.85
1.00 0.85-0.51 pm 1.85

EXCHANGE CROSS RATES

Sapt. 2 2 DM YEN FFE SFr. HFL Lica CS BFr. 1. 1.490 3.025 229.8 9.920 8.448 5.415 9087 2.064 63.65 0.671 1. 2.032 154.3 6.600 1.588 2.992 1586 1.888 49.05 0.351 0.492 1. 75.95 3.279 0.807 1.135 689.8 0.582 90.71 4.365 6.483 25.17 1000. 43.18 10.63 14.86 9083. 8,964 279.7 1.008 1.502 8.049 231.6 10. 2.468 5.445 2104 2.061 65.16 0.409 0.510 1.238 04.06 4.061 1. 1.598 054.4 0.846 25.65 0.993 0.436 0.886 87.88 2.906 0.715 1 831 1 0.604 18.35 0.479 0.714 1.450 110.1 4.764 1.170 1.637 1000 0.989 30.08 C \$ 0,484 0,722 1,466 111.5 4,806 1,183 1,655 1011 1 80.36 B Fr. 1,596 2,377 4,828 366,7 15,83 3,899 5,451 2381, 8,294 100.

Yea per 1,000; French Fr per 10t Lite per 1,000; Beig Fr per 100.

EURO-CURRENCY INTEREST RATES

2016-1014 534-578 784-8 514-586 214-238 466-434 7-719 10-12 976 948 516 556 718 818 64 56 4418 44 41 71 78 1118 1118 7-714 619-736 456 418 1019-11 51₂-559

MONEY MARKETS

UK clearing bank base lending rate 10 per cent since May 22

age of £800m, but revised this to £850m in the afternoon, and provided total assistance of £831m.

Before lunch the authorities (Lunchtime)
ought £114m bills putright, by any of £17m bank bills in band at 97 per cent; £70m bank bills

The find funds the first funds at intervention ... For tunds at intervention ... For Before lunch the authorities bought £114m bills outright, by way of £17m bank bills in band 1 at 9½ per cent; £4m local authority bills in band 3 at 9½ per cent; and £23m bank bills in band 3 at 9½ per cent.

To the authorities to the authorities bridge authority bills in band 3 at 9½ per cent.

To the authorities to the authorities bridge authorities authority bills in band 3 at 9½ per cent.

To the authorities to the authorities bridge authorities authorit

MONEY RATES

Ovr-nig't Month Months Months Months Lombard 4,454,55 4,354,504 504,454,304,454,304,45 7 7\(\frac{7}{17}\) 7\(\frac{7}\) 7\(\frac{7}{17}\) 7\(\frac{7}\) 7 5,5

London rates steady

In Frankfurt the West German Bundesbank injected a net DM 3.7bm into the domestic money market at yesterday's two tranche tender for securities re-

NEW YORK RATES

INTEREST RATES remained steady in quiet trading on the London money market yesterday. There were no new factors to influence the market and sterling showed little change on the solution remains absorbing £252m, with the interbank was unchanged at 911-915 per cent.

The Bank of England initially forecast a money market shorts.

INTEREST RATES remained stession as also provided.

\$\frac{250m}{4550m}\$ was also provided.

\$\frac{250m}{4550m}\$ in official the most popular with the banks, nearly indicating nervousness that the substantiant of Treasury bills drained £552m, with the most popular with the banks, neighbor and the most popular with the banks, indicating nervousness that the most popular with the banks, indicating nervousness that the most popular with the banks, indicating nervousness that the most popular with the banks, indicating nervousness that the most popular with the banks, will be an exchanged at the most popular with the banks, indicating nervousness that the most popular with the banks, indicating nervousness that the most popular with the banks, indicating nervousness that the most popular with the banks, indicating nervousness that the most popular with the banks, indicating nervousness that the most popular with the banks, indicating nervousness that the most popular with the banks, the most popular with the banks to the m

Three months US dellars The fixing rates are the arithmetic means, rounded to the nearest ensurement, of the bid and offered rates for \$10m quoted by the market to LONDON MONEY RATES

Month Months Months

Treesery Sills (sell): one month 3th per cent; three months 5th per cent.

Back Bills (sell): one month 5th per cent; three months 5th per cent.

Treesery Bills: Average tender sets at discount 9.3399 per cent. ECGD Fixed Fixance Schame IV reference date August 5 m September 2 (Inctusive): 8.990 per cent. Local Aughority and Finance Houses seven days' fixed, France Houses Base Rain 10 per cent from September 1 1965. Bank Deposit Rates for sums at seven days' notice, and the seven days' notice 5 per cent. Certificates of Tex Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 5th per cent. Index £100,000 fix per cent. Trom August 21. Deposits held under Series 6 \$the per cent. Deposits withdrawn for cesh 5the per cent.

FINANCIAL FUTURES

Weaker trend

if the market pushes the US currency towards DM 2.00 prevented heavy selling. Covering of short dollar positions was balanced by demand for D.Marks to buy German shares, but there was no reaction to the terms of yesterday's securities repurchase agreement, providing liquidity for the German domestic money market, which suggested the Bundeshank remains reluctant to cut its discount rate. At yesterday's fixing in Frankfurt the Bundeshank did not intervene when the dollar was fixed unchanged from Monday at DM 2.0281. At the Frankfurt close the dollar had advanced slightly to DM 2.0285 from DM 2.0275.

JAPANESE VEN Trading 12 Covering London International Financial condon International Financial following signs of slightly stronger growth in the US percentage growth in the US been rumoured that a survey of US purchasing managers would be particularly depressing, with the composite index price Dec Mar June Sept Dec Mar Ju PRICES WEAKENED on the London International Financial Futures Rechange yesterday, following signs of slightly stronger growth in the US important US statistic is unemportant US purchasing managers would be particularly depressing, with the composite index was 52.6 per cent in July. The next important US statistic is unemplyment, on Friday, but in playment, on Friday, but in the meantime the market found figures on US factory orders and construction spending, published yesterday, in line with expectations. July said fell to a low of 100-31, before closing at 101-10, compared with 101-26 on Monday. Long term gilts for December delivery opened at 122-00, and rose to a technical resistance point of 122-07, which proved to be the day's peak. The contract closed at 121.20 compared with 122-04 previously, with prices falling back on profit taking in the cash market.

and construction spending in the same month increased by 0.5 per cent. December delivery US Treasury bonds opened at 101-18, near the day's peak of 101-20, and fell to a low of 100-31, before closing at 101-10, com-

factory orders rose 2,2 per cent

Close High Low Pres Sept 171.00 171.00 169.10 170.50 Dec 174.25 174.60 172.50 173.70 March 177.35 — 176.50 Ext. volume 527 (515) Previous day's open int. 2,386 (2,556)

STERLING INDEX

94.37
94.46
94.57
Sept 101.30 102.10 101.17 102.14
94.66
Dec 101.50 101.20 100.31 101.25
94.26
94.22
83.94
94.22
83.94
Previous day's open int. 5.496 (5,387)
83.23

8.30 am 9.00 am 11.00 am 11.00 am 1.00 pm 2.00 pm 4.00 pm

Calls Last Dec Mar 2.13 2.05 1.88 1.81 1.63 1.57 3 1.28 1.33 1.14 1.10 0.90 0.83 0.68 0.68 **CHICAGO** 20-YEAR 12% NOTIONAL GILT E50,000 32nds of 100% \$100,000 State of 1007.

Close High Low Prev
\$ept 107-35 107-33 107-33 187-37
Dec 107-35 107-40 107-32 187-37
Harch 107-35 - - - 187-37
Est. volume 23 (102)
Previous day's open int. 1,223 (1,305)

PT-SE 100 INDEX
225 per full index point

94.28 94.33 94.27 94.08 93.81 98.45 93.14

Previous day's open int. 16,374 (17,177) Basis quots (clean cash price of 13%. Trassury 2004-08 less aquivalent price of mear intures contract) -4 to 4 (32nds). High 94,97 96,08 96,05 94,28 94,84 Closs High 94.38 93.34 94.38 94.39 94.20 94.25 94.12 94.75 93.82 93.46 93.46 93.46 23.10 93.74 uma 4.903 (2,577) day's nonn let 7 Sept 94.93 94.97
Dec 95.08 96.08
Merch 95.03 56.05
June 94.94 94.94
Sept 94.94 94.94
Dec 84.51
Sauth 94.01
June 94.01
June 100%
Lettest High 94.90 96.00 96.01 94.87 94.31 94.31 94.31 Previous day's open int. 22,489 (21,862)

54.72 | 1500,000 points of 100% | 100 prev | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 1430 94.37 94.30 94.10 93.80 93.60 93.60 93.60 **CURRENCY FUTURES**

OTHER CURRENCIES

EMS EUROPEAN CURRENCY UNIT RATES 43,1139 7,81701 2,11083 8,87316 2,37833 0,764876 1476,46 +0.76 +0.56 -0.62 +0.06 -0.48 -0.26 -1.91 ±1.5368 ±1.6403 ±1.1127 ±1.3669 ±1.5069 ±1.6663 Belgian Franc ...
Danish Krone ...
German D-mark
French Franc ...
Dutch Guilder...
irish Punt
Italian Liro Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Swire Pacific Limited

1986 INTERIM RESULTS — HIGHLIGHTS

Results Swire Pacitic Limited's profit before extraordinary items for the first half of 1985 was HK\$613.1 million, compared with HK\$640.4 million in the equivalent period in 1985; additionally, an extraordinary profit of HK\$1,382.2 million arose from the sale of shares on the flotation of Cathay Pacific Airways and the total profit attributable to shareholders was HK\$1,985.3 million. The timing of recognition of property development profits, which is 1985 will occur meloly in the second half-year, bas had a eightfacant effect on the interim results. The unaudited consolidated sesults for the six months ended 30th June 1986 were:

	Sk mott	Year ended Stat December		
	1986	1985	1985	
	1809M	Hik sa a	. 73/CSAZ	
Texacoust	7,060.6	6,595.9	13,692.2	
Operating profit Not finance incomel[charges]	965.2	1,077:2	1,876.7	
	2.8	(179.6)	(215.2)	
Net operating profit Siture of profits less issues of sesociated companies	958.9	897.6	1,863.5	
Profit before taxetion Taxetion	38.5	31.2	<u>88.6</u>	
	1,017.6	928.8	1,752.3	
	191.5	162.1	215.4	
Profit after invation	826.0	786.7	1,536.9	
Microfity Interests	212.9	126.3	311.0	
Profit before extraordinary Heras	613.1	840.4	1,225.9	
Extraordinary Rems	1,302.2		59.1	
Profit attributable to shambolders	1,996.3	840.4	1,285.0	
Dividends	231.8	185.7	508.9	
Retained profit	1,763.5	454.7	686.1	
Earnings per siture: 'A' elurse 'B' elurse	47.9¢ 9.8¢	51,4¢ 10.3¢	97.4p 19.5p	
The results for the six months ended 30th June	1985 have been restate	d to comonn with	changes in	

accounting policies adopted during the year ended Stat December 1985. Earnings per share are calculated by reference to the profit before extraordinary liters in each period and the weighted average number of shares in issue in those periods, adjusted to reflect the capitalisation laster made during the first half of 1986.

Total Dividends per share: 'A' shares 'B' shares 14.7e 2.9c 47.0¢ 9.4¢

The dividends per share for 1985 have been adjusted to reflect the capitalisation issue made during the eix months ended 30th June 1986. The interim dividends are psyable on 31st October 1986 to shareholders registers at the close of business on 28th September 1986; the share registers will be closed from 15th September 1986 to 28th September 1988, both dates inclusive.

The interior dividends will comprise minimum cash dividends of 1.0s per 'A' share and 0.2s per '8' share, which are being paid in order to ensure that the shares of the Company continue to be Authorized investments for the purpose of the Trustee Ordinance of Hong Kong, and an issue of additional shares by way of scrip dividends but shareholders will be given the option of receiving cash in place of part or all of such acrip dividends. Full datails of the acrip dividend procedures will be given in a circular which will accompany the complete interim Report to be sent to shereholders on 8th September 1986.

Prospects The results of the Swire Pacific Group for the second half of 1985 are expected to show a significant increase over those of the equivalent period in 1985 and over the first tell-year results, and the property division, in particular, should record profits at substantially higher levels. Strong performances are also expected from selection, industries and trading divisions, with shipping and offshore services remaining

Prospects for the Group as a whole for the full-year are excellent, and f expect that the final dividends to be recommended will be at least double the interim dividends.

Hong Kong, 29th August, 1966.

Swire Pacific Limited
The Swire Group Swire House, Hong Kong.

ANZ

GLOBAL TREASURY SERVICES

"Second to none"

Our story starts in 1835 when the forerunner of the ANZ Group was granted a Royal charter in London. We have been active in the City ever since. In the early 1950s ANZ were among the pioneers

in the early 1950s ANZ were among the pioneers in developing the Foreign Exchange Market.

We have expanded with the markets, earning a reputation for high ethical standards and dedicated professionalism, with emphasis on customer service.

Today, London Treasury is at the international centre of the Group's foreign exchange dealings. Behind us stand assets of over A\$49 billion, and offices in A\$6 countries.

We are the predominant dealers and market makers in Australian and New Zealand dollars. Our acknowledged skills in US dollars, sterling, yen and other major currencies are equally strong. And through Grindlays Bank we have special strengths in the currencies of India, Pakistan, Sri Lanka, Bangladesh, Africa and Middle Pakistan, Sri Lanka, Bangladesh, Africa and Middle East regions.

We are well known as product innovators, especi-

ally in alternative financing techniques.

Just as important of course, is our service to customers. We offer fine rates, rapid and competitive prices. But it is our overall efficiency that gives us a

To find out more about our highly-rated foreign exchange services, telephone ANZ Treasury today.

Corporate Traders 01-280.3309 Euro & f. Markets 01-280 3300
Financing Techniques 01-280 3228
Grindleys Euro & f. Markets 01-283 1745

BANK

Tbc:AA 39920

el Frearery, 53 Gracecharch Street, Lon

Company Notices

MOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHEET GLASS CO., LTD.

Forther to our notice of March 21, 1975 EDR holders are informed in the property of the property of

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Financial Times Wednesday September 3 1986

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Financial Times Wednesday September 3 1986

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**Pirst Declara- Last Account Dealings tions Dealings Day Aug 11 Aug 28 Aug 29 Sept 3 Sept 1 Sept 12 Sept 25 Sept 25 Cet 5 ** New-time " dealings may take place from 9.30 cm two business days earlier.

Light profit-taking halted the eight-day run of rising share prices after leading stocks in London had initially extended their advance. The promising cheir advance. The promising early tone occurred in the absence of fresh background news and lack of a guide from Wall Street, closed on Monday for the Labour Day holiday.

Equity dealers raised their opening prices probably as a test for further institutional activity, but the move provided an opportunity for professional operators to dispose of stock. The operators to dispose of stock. The temptation to realise the large profits made over the past three weeks has been obvious for several sessions but short-term holders have held back because of the recent institutional

demand.

Snap decisions were made during a mid-morning lull in trade and the sales ranged from blue chip to the more speculative issues. Many jobbers welcomed the profit-taking, which enabled them to rectify short book positions, and said that the market would be healthler for the modest shake-out.

The ET.SE 100 Share Index

would be near the would be near the modest shake-out.

The FT-SE 100 Share Index went from 5.1 up at 9.29 am to stand 9.2 down on balance at 11.38 am. From then onwards, the losses were gradually reduced on isolated houts of business in the wake of the ebb and flow of the US market. The Dow Jones Index posted an early rise before falling back, but top-quality stocks in London refused to follow in the laste business and the index closed only 5.0 down on balance at 1667.8. The FT Ordinary share settled 2.7 off at 1820.0.

Gilt-edged securities improved and neared the authorities' selland neared the authorities' selling level for supplies of the long-taplet before drafting back to end \(\frac{1}{4}\) lower on the day. Traders appeared to have sufficient stock. The shorts showed little change but index-linked were beneficiaries of revived hedge buying against equity commitments and rose \(\frac{1}{4}\) in places.

The major clearing banks' recent good run faitered with the ouset of light profit-taking. Barclays settled 5 off at 517p, while Lloyds, 485p, and NatWest, 565p, both lost 7. Midhand were a resilient market and, after easing to 572p, picked up to close unchanged at 577p. Austra-lian banks moved ahead reflecting firmer domestic markets; ANZ rose 9 to 214p, National Bank Australia 5 to 225p and

Westpac 5 to 197p.
The Composite Insurance sector maintained an even keel sector maintained an even keel issues. Jewellers returned to the pending interim results from fore as investors continued to Guardian Royal Exchange and assess Combined English Stores' San Allionce, both scheduled for today. GRE were finally 4 dearer hoped for further rationalisation at 579p and SA 5 firmer at 727p. Life issues: made further propersion in the sector. Ratners in the secto

EQUITY GROUPS

& SUB-SECTIONS

Mechanical Engineering (60) ... Metals and Metal Forthing (7) ..

Food Manufacturing (22) ... Food Retailing (15)

Chemicals (20)
Chiene (20)
Chi

Banks (7)..... Insurance (Life) (9)... Insurance (Composite) (7) ... Insurance (Brokers) (8) Merchant Banks (12)

Investment Trusts (101) Mining Finance (2)..... Overseas Traders (14) ... 99 ALL-SHARE INDEX (734)

2 5-15 years.

5 All stocks

3 Over 15 years.

ladez-Licked

7 Over 5 years.

FT-SE 100 SHARE BIOEX 4

FIXED INTEREST

+0.62

-0.16 | 149.64

+0.04 213.46

141.58 | -0.05 | 141.65

164.11 | -0.31 | 164.62

137,69 -0.85 137.76

116.52 +0.17 | 136.32

115.95 +0.15 215.78

85.29 +0.62 85.27

349.41

213.51

9 Behesteres & Leen. | 120.77 | +0.17 | 120.57 |

Man Sept 1

प्रदे करी. राजवर

9.17

9.25

8.90

8.72

2.00

234

2.28

7.07

4.06

Mid-morning bout of profit-taking halts equity market run

PR and advertising group Broad Street Group staged a suc Broan Street Group staged a suc-cessful debut in the Unlisted Securities Market; the shares, placed at 43p, opened at 52p and moved up to 55p paior to closing at 55p, a first-day premium of 8. Renewed suggestions that Eiders IXL may divert its atten-tions to Hanson Trust's Courage arm instead of renewing its assault, given Monopolies Com-mission approval, on Allied-Lyons made for a nervous show-Lyons made for a hervous show-ing by AL; down to 348p at one stage, the shares later staged a useful rally, but still finished 2 off on the session at 353p. Other Breweries were irregular. Bass advanced 18 to 768p, but Whit-bread A eased a few pence to

issues tailed off and quotations settled a shade easier in places. RMC slipped a couple of pence to 682p and Redland softened a to beep and Rediann solvened a penny to 459p. AMEC, a firm market recently reflecting the interim results, came back 3 to 294p, while Barratt Developments gave up 2 at 142p. On the other hand, recently dull John Laing revived with a gain of 5 other hand, recently dull John Laing revived with a gain of 5 at 411p and Alfred McAlpine firmed 4 to 442p; the latter's interim results are due next Tuesday. Elsewhere, Polypipe rose 15 to 170p in belated response to Press comment, while Ward Heldings, a dull market since the results, rallied 11 to 276p. Sharpe and Fisher added a couple of pence to 140p in reply to the good interim results and confident statement, while and confident statement while Gibbs and Dandy A, half-timer due on Friday, gained 3 to 40p Phoenix Timber closed 2 better at 90p, after 87p, following details of the annual results and terials of the annual resums and \$5.2m share placing via an issue of 7.2m shares at 75p per share. Magnet and Southerns eased 4 to 184p and Meyer International

ICI, boosted by publicity given to a broker's forecast, edged up 1 more to a new peak of £11. Laporte, interim figures of £12 haporte, interim figures due around the middle of the month, hardened a few price to 388p. while Allied Colloids firmed 5 more to 225p. Wardle Storeys were 3 up at a 1986 peak of 350p and Croda International gained a like amount to 150p following the sale of its Masterlube subsidiary to Hargreaves. lube subsidiary to Hargreaves. Rentokil attracted buyers and firmed 4 to 142p.

Interest among Retailers was mainly confined to secondary issues. Jewellers returned to the

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Est. Earnings Yield's, (Max.)

Day's Classee %

Tuesday September 2 1986

Gross Dh. Vield% (ACT at 29%)

| No. | Clampe | Glazi | Glazi

| Index | Day's | Day's | Day's | Sept | Aug | A

3.47 3.47

219 331

1913 1825 1831 1934 1834 1937

10.82 10.83

3.49 3.49 2.19 3.32

9.58 10.19 10.19 10.76 10.23 10.27 10.71 10.74 9.79

11.39 11.26

AVERAGE GROSS REDEMPTION YIELDS

| Index-Lisited | 11 | Inflat's rate 5% | 22 | Inflat's rate 5% | Our 5 yrs... | 13 | Inflat's rate 10% | 5 yrs... | 14 | Inflat's rate 10% | Over 5 yrs... |

5 years..... 15 years..... 25 years.....

FINANCIAL TIMES STOCK INDICES										
	Sept	Sept	Ang	Aug Aug	year	19	66	Since Compitation		
	2	1	29	28	27	ago	Hilgia	Low	High	LOW
Government Secs	89.60	89.72	89.64	89.62	89,66	83.39	94.5 <u>1</u> (284)	80.39 (20/1)	127.4	49.18 (30/75)
Fixed Interest	95.12	95.17	95.62	95.62	95,67	88.39	97.68	86.55	105.4 (28/13/47)	50.53 (3/1/75)
Ordinary 🛡	1,320.0	1,322.7	1,311.9	1,286.4	1,280.5	1007.8	1,425.9	1,094.3	1,425.9	49.4
Gold Mines	258.0	262.0	249.4	245.1	244.9	291.2	357,0 (27/1)	185.7	734.7	43.5
Ord. Div. Yield	4.28	4.17	4.21	4.29	4,30	4.67	<u> </u>		TIVITY	1000010
Earnings Yld.%(fail)	9.62	9.64	9.73	20.28	10.40	11.49	ln	fices	Sep.1	Aug 29
P/E (tatio (net) (*)	12.77	12.73	12.62	11.88	11.72	10.79	Gilt Edged	Barrains	<u> </u>	99.2
Total Bargains (Est)	23,683	24,886	57,476	20,685	19,520	23,682	Equity Bary	<u> </u>	154.6	1773
Equity Turnover &tt	!	551,86	878.48	712.67	494.02	392.73	Equity Value 5-Day Ave	të 1968	11154	1775.6
Equity Bargains	l!	23,863	27,362	24,342	21.262	22.281	6 GBt Edged	Bargaios	1121	211.0
Shares Traded (mil)	-	267.7	354.1	297.5	217.9	194.7	Equity Barr Equity Valu	9 <u></u>	149.5 1229.5	139.7 1188.7
♥ Opening 10 a.m. 11 a.m. 1325.8 1319.8				Noon 1317.2					р.т. 319.1	4 p.m. 1319.0
Day's High 1328-1. Day's Low 1516-8. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Miles 12955, SE Activity 1974 •NII-12-24.										
			_				TEL OL:			

ort was also noted for Austin port was also noted for Austin Reed A, up 5 at 152p, Executex Clothes, 8 to the good at 135p and Alexon, 7 better at 182p. DIY-concern Wickes revealed pleasing interim figures and touched 186p before settling 7 dearer on balance at 183p, while James Beattle, also announcing mid-term results, bardened 2 to mid-term results, bardened 2 to mid-term results, bardened 2 to 93p. With the exception of W. H. Smith A. 4 up at 284p, leading Stores drifted lower in quiet trading. Woolworth dioped 5 to 670p, while losses of 4 were common to Dixess, 388p, and Harris Queensway, 238p.

United Scientific up

Revived bid speculation left United Scientific 10 dearer at 160p in the Electrical sector. Elsewhere, comment on the first half recovery prompted a further rise of 2 to 60p in Acora for a two-day gain of 14. Logica hardened 5 to 210p on news that the company is to participate in two of the Star Wars research programmes con-tracted out by the Ministry of Defence. Cambridge Electronic Defence. Cambridge Electronic rallied 5 to 197p. while Bow-thorpe encountered support and put on 15 to 550p, the latter is due to report interim figures on October 7. Leading issues closed a few pence lower, but British Telecom gave up 6 to 198p awaiting the first quarter figures expected to be announced part pected to be announced next

Engineers provided several noteworthy movements. APV featured with a gain of 23 at 585p; the interim results are expected next Wednesday. Hall Engineering, in which Regent Crest recently announced a 7.1 per cent stake, encountered further buying and put on 12 to 186n while BHI responded to the 186p, while IMI responded to the interim figures by rising 5 to 173p. Delta: expected to

FH 457

index No.

Thers App 28

and closed 8 to the good at 194p. Other bright spots included Deriterd, 8 better at 268p, and Deritend, 8 better at 2689, and Laird Group, which improved 3 further to 244p. TI, in which Evered recently disposed of its holding, drifted off 3 more to 471p; it was announced yesterday that the Kuwait Investment Office has acquired a 14.66 per cent stake.

Leading Foods displayed a slightly easier bias although Unizate, mentioned as a possible bidder for Bernard Matthews, firmed 5 more to 303p; Matthews, a firm market Matthews, a 2 firm market recently, shed 12 to 270p as the company denied knowledge of any bid approaches. Cadbury Schweppes were a steady market ahead of tomorrow's half-timer and closed unchanged at 177p. Rowntree Mackintosh eased 3 to 412p despite news of the successful rights issue. Ranks Hovis McDougall gave up 4 to 263p. but Hughes Food gained 2 to 24p in response to acquisition news. response to acquisition news.

Grand Metropolitan a firm market in recent days, succumbed to light profit-taking and closed 7 off at 401p.

Brammer disappoint

Brammer disappoint

Brammer, reflecting disappointing interim figures, fell away to 2730 before picking up to close 10 down on the day at 2830. Elsewhere in the miscellaneous industrial sector, Repmer dipped 7 to 1230 and the A shares 6 to 1130 on the fall in the half-year profits. Trading statements, however, emircened buying interest in Norank Systems. 6 to the good at 1470, after 1500, and Stat-Plus, 5 hisber at 3130. Renewed buying ahead of tomorrow's half-year statement left Portals 12 to the good at 3370, while Pearson, scheduled to reveal interim figures next Tuesday, out on 8 to 5310. Westwood Dawes, reflecting the Canadian expaning the full report. Rockware improved 5 to 470 and Redfeara National Glass hardened 3 to 2800, but profit-taking clipped 9 from British Aerospace at 5100, Leading issues made a bright start, but drifted back to close with small gains on the day. Motor Distributors continued to make progress reflecting increasing takeover speculation. As on Monday, proceedings were dominated by Lookers which advanced 15 for a two-day gain of 31 to 2000. Appleyard improved 4 to 1820 in sympathy. Substantially higher interim profits lifted Evans Halshaw 7 to 1310 and Western Motor 10 to 1880. Activity in Components was reduced from the previous assistor's levels, but noteworthy

Substantially higher interim Crowther, 4 higher at 180p; the profits lifted Evans Halshaw 7 to 131p and Western Motor 10 to 188p. Activity in Components was reduced from the previous session's levels, but noteworthy extremes of 237p and 232p

gains were again recorded by Dowty, 3 up at 229p, and AE, 4 dearer at 237p, the latter follow-ing further purchases by hostile bidder Turner and Newali, Abbey Panels were marked 25 higher to 280p, albeit in a restricted market, in response to the increased interim profits and

Advertising and associated counters again met buyers for choice. WCRS, still reflecting the acquisition of Della Femina, attained a new peak of 530p before settling a net 15 ingher at 525p. Seatchl and Saatchl hardened 8 to 740p. The more than-trebled first-half profits lifted USM-quoted Clarke Advertising and associated USM-quoted Clarke 5 to 1730. Barban Hooper 5 to 173p. Barham Group, however, encountered occasional profit-taking after the recent speculative rise and closed 4 cheaper at 166p; the company denied market chatter that it was set to bid for AGB Research finally 5 up at 162p. Paper/Printings, on the other hand, generally gave modest ground. BPCC eased 3 to 275p, while scattered offerings in an extremely narrow market left Eucalyptus Pulp 15 off at 505p. Goodhead Print provided an exception, rising 6 more to 126p on further consideration of the annual results and proposed

NEW HIGHS AND LOWS FOR 1986

Group, Lookers: NEWSPAPERS (1)
Musbrin; PAPER (3) Clarke Hooper,
Godhead Print, Wight Collins RS;
PROPERTY (4) Dwyrar, Regellen Props,
Shield, Trencherwood; TEXTILES (3)
Burmstex, Crowther (3.) Leeds Group;
TRUSTS (37): OILS (4) Bridge Oil,
imp. Cont. Gas. Do. Spc Cv. Uns.
'95-2000, Royal Dutch; MINES (4)
Brunswick, Minoil Secs. Impels
Platinum, Greenwich Res.
PEW LOVES (11)
BRITISH RNDS (1) Exch. 14pc 1985;
STORES (1) Gas/Rosen; ELECTRICALS
(1) Imbec; POODS (2) Batleys,
Culien's; NEDUSTRIALS (4) Brammer,
Grovebell, Ropher, Do A; PAPER (2)
CPM, Monotype Corp. BEW HIGHS (91)
BUILDNGS (3) BE & EA, Higgs & Hill, Polypips: CHMICALS (3) Allied Colloids, ICI, Wardle Storeys: STORES (5) Body Shop Intri., Fremans, GUS, Ratners, Tibbet & Britten; ELECTRICALS (2) Borland Inti. inc., FKI Electricals: ENGINEERING (2) Eadle, ML Holdings; FOODS (3) Less (John J.), Morrison (W.), Wessnen: INDUSTRIALS (17) Costed Electrodes, Flogas, Hollis, London Intril., London and Midland, Do. Dfd., Mathesons 7-pp., Norank Systems, PSM Intril., Thomson T-Line, Wastwood Dawes: LEISURE (1) Brent Welker: MOTORS (5) Abbey Panels, Kwik-Fit, Evans Halshaw, Leidlaw

BASE LENDING RATES

ABN Bank	Exeter Trust Ltd 1814
Allied Arab Bank Ltd 10	Financial & Gen. Sec 10
Allied Dunbar & Co 15	First Nat. Fin. Corp 11
Allied Irish Bank 19	First Nat. Sec. Ltd
American Express Bk 10	● Robert Fleming & Co 10
Amro Bank 19	Robert Fraser & Ptrs 11
Henry Ansbacher 19	Grindlays Bank 219
Associates Cap Corp 10	Guinness Mahon 18
Banco de Bilbao 19	# Hambros Bank 18
Bank Hapoalim 10	Heritable & Gen. Trust 19
Bank Leumi (UK) 18	• Hill Samuel
Bank Credit & Comm 10	C. Hoare & Co 10
Bank of Cyprus	Hongkong & Shanghai 19
Bank of Ireland 10	Knowsley & Co. Ltd 191/2
Bank of India 10	Lloyds Bank 19
Bank of Scotland 10	Mase Westpac Ltd 19
Banque Beige Ltd 19	Meghraj & Sons Ltd 18
Barelays Bank 10	Midland Bank 10
Benchmark Trust Ltd 19	Morgan Grenfell 10
Beneficial Trust Ltd 11	Mount Credit Corp. Ltd 19
Berliner Bank AG 10	National Bk of Knwait 19
Brit Bk of Mid East 19	National Girobank 16
Brown Shipley 19	National Westminster 19
CL Bank Nederland 19	Northern Bank Ltd 10
Canada Permanent	Norwich Gen. Trust 19
Cayzer Ltd	PK Finans Intl (UK) 164
Cedar Holdings 11 Charterhouse Bank 19	Provincial Trust Ltd 11
Charteldone pank	R. Raphsel & Sons 10
Citibank NA	Roxburghe Guarantee 11
City Merchants Bank 10	Royal Bank of Scotland 10
City mercuants bank 19	Royal Trust Co. Canada 10
Clydesdale Bank 18 Comm. Bk. N. East 19	Standard Chartered 19
	Trustee Savings Bank 10
Consolidated Credits 16	
Continental Trust Ltd 19	UDT Mortgage Express 118.9 United Bank of Kuwalt 18
Co-operative Bank	
The Cyprus Popular Bk 19	United Mizrahi Bank 10
Duncan Lawrie 10	Westpac Banking Corp 19
E. T. Trust 11	Whiteaway Laidlaw 1044

 Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—62,500+ at 3 months' notice 9.72%. At call when month 6.03%. Top Tier—E2,500+ at 3 months nature 7.16.70. Parties when \$10,000+ remains deposited. ‡ Call deposits \$1,000 and over 64% gross. ¶ Mertgage base rate. ¶ Demand deposits 5.82%. Mortgage 11%.

Yorkshire Bank ..

before settling a net penny up at 234p following the mid-term statement.

Oils mixed

The oil majors opened on a quietly firm note and eased back on minor selling before railying to close around their overnight levels. Support after-hours levels. Support after-hours reflected an upturn in crude oil spot markets. BP began the sepsion at 655p and gradually drifted back to 648p prior to closing a net 2 firmer at 655p, while Shell, down to 928p in midmorning, settled unchanged on balance at 938p. Britoil were finally a few pence off at 130p and LASMO dipped 5 to 125p but takeover speculation persisted in and Lassaco dipped s to 125p but takeover speculation persisted in IC Gas which touched a 1986 high of 498p before ending a net 10 up at 498p.

Secondary oils provided a handful of firm features—Pict Petroleum attracted good

Petroleum attracted good interest and moved up 3 more to 38p—but Triton Europe encountered sustained profit-taking which lowered the shares 10 to 135p.
Plantations featured Titashur

Jule which spuried 18 to 68p following the disclosure that Gauri Shanker now controls Gauri Shanker now controls over 5 per cent of the equity.

The strong run by platinum and gold prices continued during the moroing but ran out of steam later in the day when American profit-taking became apparent. Platinum touched \$653 in the morning before reacting sharply to \$638 in the afternoon while gold advanced to \$396 at one point prior to closing a pet \$1.25 higher at \$396.

Gold and platinum shares were buoyed during early trading by the strength of metal prices which prompted a fresh flurry of buying interest from Johannesburg and the Continent. However, the downturn in platinum, and to a lesser extent gold, triggered persistent small profittaking in the sharemarket, and most issues turned easier by the

taking in the sharemarket, and most issues turned easier by the close of business.

Although below their best levels Golds still retained good gains on the day. The Gold Mines index registered a further 6.0 improvement to 268.0—a three-day rise of 22.9 and its highest level since April 23 this highest level since April 23 this year. Interest in UK-domiciled Fin-

Interest in UK-domiciled Financials was largely centred on Rio Tinto-Zine which briefly touched 627p at the outset, before turning down sharply and closing a net 16 off at 607p following the decline in UK equities and interim results from down-under associate CRA. The latter were steady at 252p. Consolidated Gold Fields attracted profit-taking and fell 6 to 517p. to 517p.

The latest advance by Sydney

and Melbourne markets—despite rising domestic interest rates— and recent strong gains in precious metals helped Australians record further gains. Golds provided numerous firm features and Sons of Gwalia advanced 9 to 252p while GMK added 10 at 470p and Placer Pacific 5 at 95p. Elsewhere, gold explorer Greenwich Resources edged up 3 more to a year's best of 108p in belated response to Press comment Robertson Research has further reduced its stake in the commany to 5.9 per cent.

Traded Options Quieter conditions prevailed in Traded Options with total con-tracts struck amounting to 17,065. ICI were lively, however. 17,055. ICI were lively, however, and recorded 1,022 calls. British Telecom attracted interest ahead of next Wednesday's first-quarter figures with 977 calls and 717 puts transacted. Courtanids and Hanson Trust recorded 804 and 912 calls respectively.

EUROPEAN OPTIONS EXCHANGE 100 433 48 6.90 9.30 FL160.30 FL76-60 FL107.50 <u>سَّد</u> FI.52.90 NJ80 5.50 1.10 1 2.40 0.40 18.50 2.80 10.708 F1.55.90 5.90 1.70 F1.206.30 17 7

TRADITIONAL OPTIONS

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RISES AND FALLS YESTERDAY

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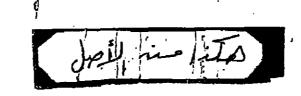
LONDON TRADED OPTIONS PUTS

Cotion		DOL	JE.	Apr.	Oct	June 1	Apr.) ,	ption		Nov.	Feb.	May	May.	Feb.	May
Affed Lyons (*353)	300 330 360	· 60 38 172	70 47 27	55 38	3 7 18	6 12 25	8 15 30		肽	500 550 600	90 50 22	197 67 30	当819	4 15 37	7 18 42	11 25 47
6.P. (*650)	550 608 650	108 40 25	130 90 50	140 105 68	1 8 25	6 17 33	11 22 42	P. &		460 500 550	80 32 10	75 47 23	198	5 15 42	10 20 45	25 25
Cons. Gold (*519)	420 460 500	307 70 35	117 87 60	127 200 75	2 7 22	8 20 35	15 27 47	Raca (*182		160 150 200	28 16 6	36 22 13	42 E	3 11 22	7 13 24	10 18
Courtenids (*279)	550 240 250	15 47 29	- 41	 50	50 2 5	<u>-</u>	- 12	8.T.2 (*60)		550 600 650 700	70 42 22 11	55 55 18	75 50	12 30 62 100	22 67 77 112	54 87
Cons. Union (*905)	280 280 300	29 13	27 28 24 14	36 45 32	3 9	17 5 12	21 8 15	Vani R	nels D	50 50 70	19 ² 2 12 6	2112	<u></u>	1 34 77	3 54 10	<u></u>
Cable & Wire (*942)	330 300 325	27 ₂ 90 26	60 42	19 70 57	29 4 8	91 8 12	33 16 20	-Tr. 114.90 (9510		106 108 110	2111	21 <u>.</u> 11.	24 14	012 113 274	233	20 ₂ 34
Distillers (*770)	350 600 650	130 130	25	95	22 11/2	<i>zi</i>	34	1r.114%,	(B)(V7 ()	116 118 120 122	450 200 100 100	50.00	134	14 2 3 42	24 3 4	33. 44.
- GEG.	700 180	85 15	20	27	8	-	-			1 222	1 723	- 4		• •	. 34	'-
(*184)	200 220	. 6	10 5	16	36 36	20 38	24	Beech (~4)/	Option UR	360	Sep 62	Dec 72	Mar 80	Sep 4	Dec 5	Mar 8
Grand Met. (~4011)	360 382 390 420	36 1872	47 17	75 55 38	6 	7 17 35	11 22 40	- Boot		390 420 460 200	35 14 5	48 33 17	58 40 27	5 15 47	10 28 52	17 32 57
(-1096)	1000 1050 1100	167 65 37	140 100 62	뛼	5 17 25	17 25 44	20 35 55	(*222	9 ——	220 240 300	10°2	35 21 13	49 19	2 70 20	13 23	7 25
Land Sec. (*331)	300 330 360	35 13 3	42 24 12	50 33 19	2 8 31	4 12 33	5 14 35	(*3 <u>1</u>	5	307 330	70	30	45 25 100	7	17	30
Marks & Spest (*217)	180 200 720	43219	48 30 15	54 % 20	17 ₂ 4 10	2 7	4	(*763 Blue Cl	D 	750 800 500	27	90 53 28	68 43	2 15 48	10 28 48	15 40 55
Shell Tracs. (*933)	850 900	\$7 \$0	肾	117 90	7 23	14 35	28 50	De Ba		550 600 550	20	42 22	33	15 48	808	152425
Trafalgar House (*297)	950 280 300 330	27	47 35 20 8	65 43 28	8 16 35	63 14 20	75 26 24	(*\$6.9	50	650 650 700	145 105 65 30	130	8555	3 17 40	8 22 37 9	18 35 55 80
- Outlan	200	Nov		Jeens	How	Nar		Ohean (*386	S D	330 360 390	\$2 \$2	72 46	80 54	1/2	4	6
Loerbo	200	28	36	40	7	10	14			390 260	28	26	34	16	20	24
(~211)	218 220 234 240	70 170	5 14	29	15 30	20 ·	24	(*282		280 300 330	13 4 14	28 16 7	1975 X	20 47	13 49	9 16 26 49
Option	<u> </u>	Non.	Feb.	May	Nov	Feb	May	Glass (**995	•	900 950	115 75 98	150 110	245	20 20	30	<u></u>
Brit Aero (*511)	460 500 550	58 38 16	72 53 28		8 23 53	13 30 58	37 63			1000 1050 1100	7	80 57 45	115 90	器	838 10	100
8A7 leds (~425)	390 420 460	47 27 8	60 38 20	67 47 28	8 17 45	13 23 50	17 30 53	Haese (*193	5	155 150 140 180	59 44 34 14 ₂	1192	182	1 12 22	122	1159
Barcias (*514)	460 500 550	8 37 14	80 52 23	90 35 35	5 15 42	8 25 47	13 30 52	.lagua (*525	5	200 460 500	47 ₂ 70 32	13 80 50	161 ₂	3 3	16 18	20. 12. 23.
Brit. Telecom (*296)	200 220 220	28 14 6	36 22 11	42 25 18	3 33	6 15 26	10 20 30	Thora E		550 600 420	2 82	72	40 19	35 80 2	#0 82	100
Cadhary Schnespes (*277)	160 180 200	25 10 4	31 20 7	37	ם אני	7 14 26	8	(1494		460 500 550	12 2	60 30 12	72 42 -	4 5 57	100 100 100 100 100 100 100 100 100 100	30
Galaness (*346)	300 330 360	55 30 14	65 40 22	72 50 28	4770	7 13 27	11 17 30	(*GO	3	360 390 420	55 25 10	70	12 57 35	2 4 18	9	8 15 25
imperial Co. (*991)	300 330 360	99 63 35	Ξ	Ē	22	=	=	Gptter FT-SE Index	1536		0el N	n. De	_ Sep	t. Oct.		Dec.
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LASMO (*128)	110 120 130	28 20 13	35	×	. 9 15	8 12	14 20	1	썘	46 (73 I	2 11	- T		\$7 46	40 70 103.
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40pening index 1674.9; 10 am 1674.8; 11 sm 1666.0; Noon 1664.4; 1 pm 1664.7; 2 pm 1664.7; 3 pm 1665.4; 3.30 pm 1665.2; 4 pm 1665.2 † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituent is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

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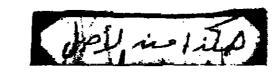
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/E STOCK

E STOCKS



WORLD STOCK MARKETS

AUSTRIA	GERMANY	NORWAY	AUSTRALIA (continued)	JAPAN (continued)	/
Sept. 3 Price + or 8ch	September 2 Price - F or	Sept. 2 Kroner	Price ; + or Sept. 2 Aust.5 -	Sept. 2 Price + or	CANADA
Greater 5,400 -10 (April 14,250 +450)	AEG	Christiana Bank. 198 +6	Gen. Prop. Trust 2.67 Hardie (James) - 3.82 +0.60 Hartogen Energy 2.0 Rerald Wyllings 8.0 - 0.2	MH1 695 -13 Mitsul Bank 792 -28 Mitsul Co 792 -28 Mitsul Es 18 3,110 -40	Spike Stack High Low Close Ching Sales Stack High Low Close Ching Sales Stack High Low Clase Ching
Jungbunzfauer 19,500 +50 Laenderbank 2,235 -5 Perimooser 635 +3 Steyr Daimier 187 -3	Bayer-Hypo 549 5 Bayer-Verein 585 5.5	Kosmos 4	Industrial Equity: 7.6 +0.3	Mitsul Toatru! 389 +1 Mitsukoshi! 1,210 -50 NGK Insulators! 810 -2 Nikko Sec 2,050 -50	TORONTO 500 CHUM B f \$59 59 59 59 59 59 59 59 59 59 59 59 59 5
Versioner Mag10,400 —90	BHF.Bank	Norsem	Kie Ora Gold 0.16 Kidston Gold 6.98 +0.06 Lend Lease 8.9 +0.2 Millians	N ppon Denso,, 1,380 —20 Nippon Elect 1,720 —90 Nippon Express, 1,360 : —60	7050 Comterm 145 145 145 12 231225 LL Lag \$254, 2476 436 11000 Sours Can \$1274, 1279 1279 18400 Con Bath A \$2476 2456 2476 436 12000 Lacture \$2014 879 974 436 155 Solit/rk A I \$2517, 2517, 2517 2517 1878 1878 1878 1878 1878 1878 1878 1
Sept. 2 Price + or	Com Gummi 551 - 5.5 Delmier Banz 1.547 + 17.5		Mayne Nicktess. 2.8 +0.09 Nat. Aust. Bank. 5.54 +0.14 News. 24.8 +0.5 Nicholas Kiwi 3.8	Nippon Gakki	100 Aberdord 460 460 460 300 Con Glass \$24\frac{1}{2} 24\frac{1}{4} +1 18660 Length Inst \$6\frac{1}{4} 5\frac{1}{4} 5\frac{1}{4} +1 5500 Signma \$12 11\frac{1}{4} 12 +1 7090 Abitible Pr \$23 22\frac{1}{2} 2\frac{1}{4} -\frac{1}{4} 32290 CT Bank \$11\frac{1}{4} 11\frac{1}{4} 11\frac{1}
8,8,L	D'sche Babcook.' 205 —1 Deutsche Bank.' 840 —2 Dresdner Bank 480 ! —1.6	Sept. 2 Price + or Pta % —	Noranda Pacific. 1.45 · +0.1 North Bion Hill	Nippon Saikp' 505 -9 Nippon Shimpan 1,390 60 Nippon Steel 2378	20800 Agrico E 528% 25% 25% 25% + 1 1000 Corby S21 21 21 - 1 22100 MECC 38 72 73 - 1 100 Steinting A f S40 40 40 - 2 2400 Albria N 5131 13 1134 2845 C Falcon C 516 15 15 - 1 700 MSR Ex 240 240 240 470 6945 Shelco A 5213 211 211 - 1 6400 Albria N 5131 13 1314 + 1 1140 Produkt R 100 100 + 2 5850 MECC 38 72 73 74 - 1 100 Steinting A f S40 40 40 - 2 6400 MECC 38 72 73 74 - 1 100 Steinting A f S40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 40 - 2 6400 MECC 38 72 73 73 - 1 100 Steinting A f S40 40 40 40 40 40 40 40 40 40 40 40 40 4
Deterti	Honkel aurum 1 447 ; -3.9 Hoshtlef in himmer 1,500	Bno Exterior 419 ' +4	Oakbridge	Nippon Suisan 520 —13 Nippon Yusan 587 +12 Nissan Motor 620 —5 Nissan Flour 810 +20	124555 Alcon
Delhaize	Hoechst	Boo Hispano 440 + 6 Boo Popular 1485 + 50 Boo Santander 4840 + 15 Boo Vizcaya 1550 + 50	Placer Pacific	Namura	6516 Asamara 201; 9 91; +3, 41829 Crownx A f S12 113, 1116 40515 Magna A f S133, 351; 355; -1, 42290 Texaco Cen 528 273, 273; -1, 400 Atco II 581, 81, 81, 81, 81, 81, 81, 81, 81, 81,
Fabrique Nat 2,100 + 30 G6 tnno BM 7,800 GBL (Bruo 3,270 + 75 Ganersie Bank 5,150 + 20	Hussel	Dragados 129,2 +3,5	Santos	Orient Finance 1,270 +20 Orient Leasing 4,000100 Pigneer 1,88030 Rigon	4000 Banister C SSt. 8; 8; 7; 13080 Ocksish B S9; 9 8; 14 95179 Moore S3; 31; 31; 11; 700 Traders A1 550 50 50 50 50 43752 Bt SCol 233 285 295 -5 158352 Delesco S23; 23; 23; 1740 Member S3; 11; 11; 1905 TrCan RA 115 115 115
Hoboken	KHD 209,1 +1,6 Klosekner 82,5 +0,3 Unde 766 +3 Lutthansa 194 + +3	Petroleos	Thos. Natwide	Sankyo	5784 Bk NSCOT 51572 1546 1572 5794 Dome Pete 133 127 127 -2 5598 Nt Wg Trop 525% 25% -5 55203 Triklin Lik 525% 525% 25% -7 55203 Triklin Lik 525% 525% 52% 52% 52% 52% 52% 52% 52% 5
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Tractional 8,000 +100 9,550 -50 Wagons Lits 6,000 +40	Rhein West Elect 224 +1.5 Rosenthal 402 -8 Sohering 635 +2	ASEA (Free)	Sept. 3 Price + or H.K.\$ —	8any	17050 BC Phone \$27's 27's -8 37790 Fed Ind A \$17's 168s +8; 133 Normsco W \$11's 11's -1; 433 Un Corp \$48's 45's 48's 17050 BC Phone \$27's 27's -8 37790 Fed Ind A \$17's 168s 17' +1; 51826 Nu West 33 31 32 +1 3500 Verst A 1 45 140 140 +5 1327 Brunstwik \$13 12's 13 +8 150 Remind A \$16 16 16 16 12000 Number \$39, 91; 81; 2500 Verst B 145 120 130
DENMARK	Siemens 700 -9 167.3 +5.3 Varts 869.5 +4.5 Vebs V.EW. 161 -1.5	Cardo (Free)	Bank East Asia 17,5 +0.1 Cathay Pacific 5.45 Cheung Kong 24,5 +0,4 China Light 15,3 +0.1	8'tomo Metal 190 -6 Talsai Corp 880 : -18	9880 CCL B1 317-6 16's 17'6 - 12 495 Ford Crids \$151 150 150 800 Contot B 1 300 295 295 - 5 310 CEL \$25'4 25'4 25'4 15 450 Gendelf \$834 834 834 834 834 834 834 834 834 834
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LS.S.B	General Assicur., 157,569400		Swire Pac A 13.6 +0.2 TV-B	Toyota Motor	15400 C Merconl 527/4 2554 2594 - 34 4222 H Baylin s 57/4 57 77 5 + 34 15400 Cus Sarry 55/5 51/4 55/4 + 4 45545 Cascades 51/7 15/7 15/7 15/7 15/7 15/7 15/7 15/7
Provinsbanken 3202 Smidth (F.L.) Bi 278 ·4 Sophus Berend, 79510	Montedison 3.65060	I RIGALI BOAGL POSSEL TIGAG	JAPAN + or	Victor	4500 Canton A 518 18 18 2375 Inland Ges 512, 121, 121, 121, 121, 121, 121, 123, 124, 124, 125, 124, 125, 124, 125, 124, 125, 125, 124, 125, 125, 125, 125, 125, 125, 125, 125
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Emprunt 418 1878 1 595 +30	September 2 Price + or	Jeimolt 3,850 -20 Landis & Gyr 1,900 -10 Nestis 8,650 +150	Asshi Glast	Boustead Hidgs., 1.26 —0.81 Cold Storage 3.86 +0.08 DBS	
Borgrein 2 050 +40	ACF Holding 349 -1	Oer-Buahrie	Canon	Haw Par. Bros; 3,12 -0.12 Hong Leong Fin 2,78 -0.84 Inchcape Hid 2,55 +0.02	Indices
Bouygues 1,445	AEGON 105 +1 Ahold 150.3 +1.2 AKZO 150.3 +2.0 ABN 584.5 +1.5	Sika	Dale:	Malay Banking 4.500.08 Malay Utd. Ind 1.59 , +0.01 Multi Purpose 0.48 , -0.01 OCBG	NEW YORK-DOW 1985 1985/86 Since Considera
Coffmeg	AMEV 76.6 + 1.3 AMRO 107.5 + 1.0 Bredero Cert 296 - 2 Bos Kalis Westm. 13.6 - 0.2	Surveillance A	Fastio 6.28070	OUB 5.10 : +0.82 Public Bank 1,190.61	Sapt Supt
Darty 3,940 +135	Buehrmann Tet., 222.5 +1.5 Callend Higs 19.6 Dorgtsche Pat'm; 196.2 +3.6	Union Bank	Fuil Bank	Sime Darby 1.89 +0.62 Singapore Air 7.70 -0.15 Singapore Press 8.25 -0.05 Straits Trdg 3.60 +0.02 Tet Lee Sk 2.87 -0.02	[27/88] 22/88 [27/2] AUSTRIA Creditor Aktion (58/12/64 240.15, 258.17 258.55 258.5 268.54 (25/4) 228.55 (5/6)
Gen.Occidentaje 1,065	Fokker 75.5 +1.7 Gist Brocades 52.9 +1.4	AUSTRALIA	F'Irukawa Elect. 574 +1 Green Cross 9,310 -10	SOUTH AFRICA	
Lefarge Coppes, 1,455 -30 L'Oreal	Hoogevens 75,2 +0,2 Huntr Doug NM 63 +0,6 Int. Moustler 80,5 +2,8	Price + or Sept. 2 Aust 8. —	Hitschi Credit 2,130 ~40 Honds	Sept. 2 Price + or Rand -	Z50/200 Z271/250 Z50/200 Z50/20
Michelin B 3,460 -50	KLM 44.6 +0.1 KNP 161 +5 Namrden 89.5 -0.5 Nat Ned Cert 85.3 +0.2	ACI Intl	ishikawajimaHr. 409 . —8 isuzu Motor 550 ' —3 itoh (C) 880 ; —26	Abercom 9.70 +0.05 AEaCl 13.00 +0.25 Allied Tech 85 Angio Am. Coal 34.25	CAC General (61/12/62) 418.9 418.5 418.8 408.5 412.5 (18) 267.8 (2/1) Aug 22 Aug 15 Aug 8 Year Age (Approx) Ind Tendanoe (A1/12/62) 167.5 168.9 158.0 158.6 186.8 (29/6) 101.6 (2/1) Ind Div Yeak 96 3.58 3.65 3.80 4.65 (CENSTANY)
Moulinex	Ned Mid Bank 238.5 +9.5 Yed Novd	Ampol Pet	Jusco 1,610 -20	Angio Am. Corp., 66.85 +1.89 Angio Am. Gold, 550 +5 Barciays Bank, 21 : -0.25	FAZ Aktien (51/12/56) 787.86 782.98 891.26 755.88 (17/4) 585.82 (22/7) STANDARD AND PORES FAZ Aktien (51/12/56) 787.86 782.98 891.26 755.88 (17/4) 585.82 (22/7) STANDARD AND PORES
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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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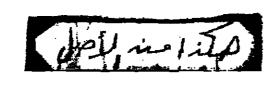
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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Gold surge depresses blue chips

A SUDDEN wave of concern over inflation sparked a heavy sell-off on Wall Street yesterday afternoon, writes Terτy Byland in New York.

The first move came from Treasury bond futures, which fell by the permissable daily limit, sparking similar losses of 1% points in Treasury bonds, and then a heavy setback in leading stocks. The stock market, which had been showing little definite trend, quickly plunged by more than 30 Dow points as

selling programmes were triggered. Traders pointed out that the stock market had been showing signs of becoming overbought last week, in the run-up to the Labor Day holiday. Wall Street was surprised yesterday by a favourable economic report by US purchasing executives and also by a strongerthan expected 2.2 per centgain in factory orders for last month. These reports revived inflation worries, which were fuelled by a surge in gold bullion above

the \$400 an ounce barrier. The Dow Jones industrial average, barely changed at mid-session, ended the session a net 27.98 points down at

Helped by the purchasing agents re-

STOCK MARKET INDICES

1.870.36

759.88

215.42

821.94

901.92

9.45

FT-Actuaries

200

HEW YORK

DJ Industriels

DJ Transport

S&P Compo

FT-SE 100

FT-A 500

FT-A All-share

FT Gold mines

FT-A Long gilt

LONDON

port, stocks opened firmly but lost their gains at mid-morning when stock index futures dipped, triggering sell pro-

grammes in blue chips.

The US purchasing officers' group disclosed that its composite index showed a postive reading of 52.8 per cent in August - indicating an expanding economy
- and that new orders showed a "dra-

matic turnround. IBM steadied from an early selling bout to show a net fall of \$3 to \$135% as the board announced a batch of new products. Digital Equipment put on \$1% to \$102% but the mainframe sector was mostly easier. Burroughs at \$71% gave

up \$1%, Honeywell shed \$1% to \$69%. But the soft spot was the personal computer sector, where Apple fell \$2% to \$34% after a Goldman Sachs analyst cut earnings estimates on the grounds that the group is concentrating on revenue

growth and new products. General Motors eased \$1% to \$70% on thin selling after Standard & Poor's, the debt rating agency placed some debt securities of the motor group and of General Motors Credit Corp, its financ-ing subsidary, on its creditwatch list. However, GM has been under pressure in the stock market for some time.

Chrysler, alone among the Detroit stocks, managed a small gain, adding \$\% to \$39 in miniscule trading.

Airlines had another nervous session as World Airlines, down \$1% at \$3%, rejected bearish comments in the press, saying it was "significantly stronger" than in the recent past. People Express edged up \$% to \$4%, with the final collapse of Frontier Airlines offering the chance to stem losses at People.

The major domestic carrier stocks

KEY MARKET MONITORS

1984

690.66

159.67

187.91

645,33

708,57

291.2

10.33

Yes

closed 1,329,19

closed

closed

1,672.8

18,694.93 18,820.75 12,728.6

822.97

903.19

9.42

softened behind criticisms of the increasing domination of the industry by the big names. Eastern held unchanged at \$8% after announcing cost reductions. At \$56%, United shed \$%, American dipped \$1/4 to \$55% and Delta at \$42% was

On the takeover front, it was the turn of the banking industry to attract attention. Third National, the Nashville-based group, jumped \$1% to \$38 after Suntrust proposed a merger which will unite \$24bn of assets.

Other banks firmed, hoping that money market rates will continue to ease, thus helping banks' earnings prospects. Bankers Trust edged up \$1/2 to \$51%, Chase Manhattan \$1/4 to \$42 and Bank-America \$% to \$12%.

But uncertainty over the dollar left pharmaceuticals looking weak. Merck, the Dow average constituent, dipped \$1% to \$113%, while Pfizer eased \$% to

Chemical issues showed irregular changes. Du Pont, a firm spot in recent sessions, fell \$1% to \$81% in brisk turnover. Monsanto, however, fell \$1% to \$70. At \$22%, Union Carbide eased \$% with both buyers and sellers active.

Retail issues turned irregular after making good progress during the past two weeks. J.C. Penney gave back \$% of its gain to stand at \$77%. But Sears, which benefits from hopes of lower interest rates because of its large financial services division, edged up 1/4 to \$46.

In the credit market, bond prices slipped lower as the purchasing agents' report undermined hopes of an easing in Federal Reserve policy. The short end of the market was slack, with federal funds at 7% per cent and the Fed helping liquidity with \$1bn in customer repur-

TOKYO

1850

1400

1.4905

3.0175

229.25

9.910

2,081 62,60

Aug 1986 Sep

3.025

229,75

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2.4425

US DOLLAR

2.0240

153.80

6.6475

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2.2820 3.415 1,396 2,086.75 42.00 62.65

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154.25

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2.2920

1.401

1,3865

th offered rate)

Institutions emerge as big sellers

HEAVY PROFIT-TAKING pressure developed in Tokyo yesterday forcing large capital stocks and blue-chip electricals sharply lower, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average fell 125.82 from the previous day to 18,694.93. Volume de-creased to 820m shares from Monday's 895m. Declines outnumbered advances by 518 to 318, with 134 issues unchanged.

Investor concern over high price levels has been dominating the market since the Nikkei indicator touched a new high at one stage on Monday. The Tokyo Stock Exchange an-

ing balance on the Tokyo, Osaka and Nagoya stock exchanges increased for the 20th consecutive week to top Y4,000bn for the first time. Furthermore, institutional investors,

who had played a leading role in the market's big upswing starting in July,

Teijin, a biotechnology issue, topped the active list with 53.34m shares traded,

gaining Y40 to Y765.

Among active large capital stocks Nip-pon Yusen, the third busiest issue of the session with 33.9m traded, rose Y12 to Y587 while Nippon Steel, fifth most active with 28.34m shares changing hands, was Y8 down at Y237.

Rising crude oil prices dampened electric powers. Tokyo Electric Power lost Y60 to Y6,450 and Kansai Electric power Y80 to Y3,500. Tokyo Gas dropped Y27 to

Major constructions, which attracted strong buying interest the previous day, turned lower with Taisei Corp shedding Y18 to Y880, Hazama-Gumi surged Y58 to Y570 and Hasegawa Komuten Y70 to

Fujitsu fell Y18 to Y927 on reports that the major communications equipment maker's recurring profit in the first half of the current business year is expected to plunge 88 per cent from a year before to Y4bn, depressed by the strong yen and prolonged semiconductor market

The poor performance of these semiconductor-related electricals prompted blue chips to come under small-lot selling pressure. Hitachi lost Y40 to Y935 and Matsushita Electric Industrial Y60 "IMPOSSIBLE" DREAMS COME TRUE!

WE MAKE THE

Bond trading was lacklustre in the ab sence of fresh incentives. Investors re-treated to the sidelines because of the US market closure on Monday. There was widespread speculation that West Germany's Bundesbank would not make a discount rate cut at its next policy meeting on September 11.

Only the dealing sections of securities houses and banks entered the market to earn short-term capital gains. The yield on the benchmark 6.2 per cent government bond, maturing in July 1995, rose to 4.530 per cent from the previous day's 4.520 per cent.

SOUTH AFRICA

GOLD SHARES again led most of the Johannesburg market higher as continued bullion price strength and growing business confidence in the economy pushed the all-gold index to a record high for a third day and the industrial index to 1,327, 22 higher than its August 19 record.

While attention focused on gold shares and mining houses, the industrial sector saw oil-from-coal producer Sasol advance 55 cents to R8 after net income rose 15 per cent to R575.4m in fisEUROPE

Brussels stages late rally

A VARIETY of local factors influenced bourses throughout Europe yesterday as most centres shrugged off the effects of a lower dollar and seemed not to be affected by the return of US investors after the previous sessions' holiday on Wall Street.

Brussels staged a late rally after Prime Minister Wilfried Martins spoke optimistically about solutions for several long-running linguistic conflicts in some local communities.

Holding companies and electrical groups benefited most with Groupe Bruxelles Lambert rising BFr 75 to BFr 3,270 and Intercom BFr 80 to BFr 3,900.

Kredietbank, which is launching a rights issue soon and planning a one-forfour stock split, was unchanged at BFr Frankfurt began the session higher

but faded as the day wore on to end mostly mixed. The Commerzbank index. measured at midsession, advanced 17.1

Profit-taking weakened many blue chips, but Volkswagen managed again to post one of the market's largest gains

Domestic confidence in the Spanish economy and foreign investor demand pushed the Madrid stock market index through 200 for the first time with a 4.71 surge to 203.74, writes David White in

A lively session saw strong gains by power, construction and food stocks backed by fresh advances by banks; Banco Bilbao rose 30 percentage points above yesterday's high to 1,210 per cent of nominal value and Banco Popular was up 50 points to equal the year's high of 1,425. In communications, Telefonica again proved a locomotive, jumping 5.5 points to 204.2.

following news it had set a price of DM 350 on its new preference shares. The car maker added DM 17 to DM 544 after attracting DM 14.20 on Monday.

The bond market lacked direction and prices ended mixed to easier.

The Bundesbank generously allocated

DM 12.6bn in its latest securities repurchase pact, which suggests that interest rates are being steered lower despite the unchanged fixed rates. Zurich shrugged off Monday's lethar-

gy, boosted by the heavy investor interest in gold shares traded on the foreign share market. Banks and financial holding groups

were firmer. Bank Baer rose SFr 400 to SFr 19,200, while engineering group Schindler lost SFr 20 to SFr 590. Bonds were mixed after trading in a

narrow range. Amsterdam edged higher with international issues profiting as the dollar grew more stable in afternoon trading.

Gist-Brocades, the biochemical group, firmed FI 1.40 to FI 52.90 ahead of an 11.3 per cent rise in first-half profits. VMF Stork, also with higher earnings for the first six months, rose Fl 11 or 3 per cent to Fl 301.

Bond trading was quiet with most investors keeping to the sidelines. Paris continued to consolidate after last week's record-breaking run and

prices ended mixed to easier. Nevertheless, Radiotechnique touched a year's high of FFr 1,025, up FFr 46. Bouygues, which raised its stake in Screg to 84 per cent, was unchanged at

Milan fell to profit-taking with chemical and engineering issues suffering

A late rally in Olivetti and Mediobanca shares helped the market above its lows for the day. The former ended L500 higher at L18.700, while the latter dropped L1,500 to L82,500.

Stockholm advanced in lacklustre trading, while prices soared in Oslo after one of the year's busiest trading ses-

Norsk Data, riding on the wave of a 40 per cent increase in profits, rose NKr 24.50 to end at NKr 246.

SINGAPORE

AFTER a softer start which ended the surge of the past two trading days, prices in Singapore recovered somewhat on selective buying and short covering to close mixed in active trading.

The Straits Times index lost 2.13 to

851.05 after the recent rally which took it 28.64 higher. Buying interest continued in propert-

ies but was more selective, with Selangor up 14 cents to S\$1.44 but City easing I cent to S\$2.09. Banks were mainly lower, with DBS and Malay Banking, both up the previous day, losing 10 cents and 8 cents to S\$7.85 and S\$4.60, respective-

Among the blue chips to rise, Cold Storage was up 8 cents to another 1986 high of S\$3.86 and Sime Darby rose 3 cents to S\$1.59 in heavy dealing ahead of a 27.5 per cent decline in pre-tax profit to 152.6m ringgit (US\$59m) for the year ended June.

HONG KONG

PROPERTY issues led a solid rally in active Hong Kong trading yesterday as the Hang Seng index firmed 27.59 to 1,930.61. Turnover declined slightly to HK\$412m from Monday's HK\$438m.

Institutional buying, particularly from overseas, was evident in Jardine Matheson and its associate Hongkong Land. The former added 60 cents to HK\$16.80 and the latter 30 cents to HK\$6.60 ahead of the HK Land's announcement of details of its Dairy Farm spin-off.

LONDON

Profit-taking eats into recent gains

THE RUN of higher sessions came to an end in London yesterday as profit-tak-

ing ate into recent gains.

The sales ranged from blue chip to the more speculative issues. British Telecom declined 6p to 198p. Lloyds Bank lost 7p to 465p, while Bass rose 18p to

768p.
The FT-SE 100 share index, down 9.2 at one stage, closed only 5 lower at 1,667.8. The FT Ordinary share index

settled 2.7 oil at 1,320.0. Gilts improved early in the session then drifted back to end it lower on the

day. The shorts showed little change but index-linked issues rose is in places. Chief price changes, Page 37; De-

tails, Page 36; Share information service, Pages 34-35

AUSTRALIA

HEALTHY corporate results and strong institutional demand pushed Sydney higher and buoyed the All Ordinaries index 11.4 to 1,211.4. Steady buying for bank and gold-related stocks under-pinned the advance.

Reports that the Reserve Bank will permit trading banks to include subordinated loans as part of their capital for gearing purposes prompted a 16 cent jump for ANZ at AS5.20, while National put on 14 cents to AS5.54 and Westpac at AS4.80 was 10 cents higher.

The BHP takeover arena stocks were generally easier with BHP down 4 cents to A\$7.56, Bell Resources 5 cents lower at A\$4.85, Adelaide Steamship 10 cents cheaper at A\$12.10 and Elders IXL closing 3 cents off at AS4.84. Bell Group managed to resist the trend with its 10 cents advance to A\$6.20.

Retailers were busy with Coles Myer 18 cents up at A\$4.86 ahead of its results. Golds were encouraged by the rise in the world bullion price. Placer Pacific gained 12 cents to A\$2.32, Central Norseman Gold picked up 20 cents to A\$10.50 and Kidston managed to firm 8 cents to

CANADA

Bolstered by higher prices in the gold and mining sectors, Toronto stocks turned higher from the start, resisting weakness on Wall Street.

Stronger golds included Dome Mines up C5% to C59%, while in metals and mining Inco gained C\$\% to C\$17. Industrials edged lower as actives showed little direction. Top active Acklands slipped C5% to C\$19%.
Montreal's market portfolio index

rose 1.88 to 1515.43 on moderate volume as most major share groups advanced.

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Street				 -		
City						
Country			Kindly enclose	cheq	ue with your	order. 77/2

1,531.06 1,543.08 1,018.29 Tokyo SE AUSTRALIA All Ord. 1,211.4 1,200.0 (offered rate) 3-month US\$ Metals & Mins. 549.9 526.8 5% 5% 5% 5.25° 5.16° AUSTRIA Credit Aktien 240.15 239.17 198.57 US3-month CDs US3-month T-biffs BELGIUM Belgian SE 3,877.21 3,852.58 2,389.63 US BONDS CANADA Metals & Minis 2,084.5 3,040.0 closed 2,115 closed 2,806.0 Yield 100% 5.973 closed closed 1993 6.749 closed closed 138,46 Portfolio 1,512.87 1027/2 6.978 closed closed DENMARK 7% 2016 9931/2 7.254 closed closed n/a 199.88 215.85 Source: Harris Trust Savings Bank FRANCE CAC Gen 412,50 158,0 Day's change WEST GERMANY -0.01 1-30 158.36 6.72 +0.02FAZ-Aktien 150.25 +0.086.41 +0.022,138.80 2,121.7 1,465.0 Commerzbank 140,24 +0.09 6.01 +0.02 HONG KONG 152 88 +0.07 6.57 +0.02 Hang Seng 1,930,61 1,903,02 1,616,17 7.74 187.50 -0.33 +0.03 Source: Mertill Lynch ITALY 818,88 823,24 373,83 September 2* Prev METHERLANDS ANP-CBS Gen 297.30 294,7 221.9 3% July 1990 91.73 ANP-CBS Ind 295.7 193.3 SCBT South Ca 10% Jan 1993 NORWAY 376.91 365,95 Philbro-Sai 8 April 1996 Straits Time 851.05 853.18 754.78 SOUTH AFRICA 9% March 2016 JSE Golds JSE Industriels 1,727.00 1,300.00 987.2 945.3 General Motors 81 April 2016 **SPAIN** Madrid SE 203.74 199.03 9% March 2016 100% SWEDEN J&P 2438.79 2.392.98 1,368.10 FINANCIAL FUTURES SWITZEHLAND Swiss Bank Ind 564.00 560.60 483.9 WORLD 8% 32nds of 100% MS Capital Int'l 360.8 358.3 219.4 102-01 102-10 101-21 102-13 COMMODITIES \$1m points of 100% 94.94 94.97 94.90 94.94 Sep 2 348.75p Prev 349.30p Silver (spot fixing) 2885.50 £876.75 Copper (cash) \$1m points of 100% £2,302.50

22.332.50

\$14.50

\$391,75

\$388.25

\$393.30

\$14.80

Sep 2 \$393.00

\$394.65

\$411,50

\$394.375 \$391.75 \$392.90 \$392.99

GOLD (per ounce)

Sept

Sept

Sept

LONDON

\$1m points of 100%

£50,000 32nds of 100%

94.33 94.34 94.28 94.37

121-18 121-29 121-13 122-01

Coffee (Sept)

London

Paris (fixing)

New York (Dec)

Oil (Brent blend)